PATENT APPLICATION

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of	Jeff Jacob BRAUER	Docket No.	Q92694
Appln. No.	09/933,957	Group Art Unit	3622
Confirmation No.	7951	Examiner	VAN BRAMER
Filed	August 20, 2001		

For: METHOD FOR OFFERING REBATES IN REAL ESTATE RENTAL TRANSACTIONS

DECLARATION UNDER 37 C.F.R. § 1.131

Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

I, Jeff Brauer, declare:

1. I am the sole inventor of the above-captioned application.

2. The application is presently rejected under 35 U.S.C. §103 as being obvious over the combined teachings of Forward and Goode.

3. The Forward reference relates to real estate sales.

4. The claimed invention is limited to real estate rental transactions.

5. I have attached to this Declaration a number of evidentiary exhibits. The evidentiary exhibits demonstrate conclusively that the Forward reference and references like it, which deal with real estate sales, are non-analogous art and would not have been consulted by the artisan of ordinary skill working in an environment relating to real estate rental transactions.

Introductory Remarks

6. The evidentiary exhibits help prove that the Rental Market and the Sales Market are fundamentally different market sectors. This is an economic question. Economics are

based around solid definitions. As a first step the Examiner is asked to take notice of the following definitions which apply to the comments herein.

7. The term Market Sector is used in economics and finance to describe a set of businesses that are buying and selling such similar goods and services that they are in direct competition with each other. Analysts divide the stock market itself into market sectors so that shares of companies that are in direct competition are listed alongside each other.

8. Direct Competition means a product or brand which competes in the same product category. The demand for a general product category, as contrasted with the demand for a branded product marketed by a firm.

9. Product Category means the specific generic to which a good or service belongs; for example, while Fanta is a brand name, the product category to which it belongs is soft drinks. Men's clothing, e.g., is a different product category from women's clothing. Product categories are very specific.

10. Real estate rentals is a product category distinct from real estate sales. The two markets are not in direct competition with each other, as will be shown by the evidentiary exhibits and described in the comments below.

11. In a sense, real estate rentals involve not a product but a service. The sales market involves selling a house which is a product. The rental market is a housing *service*. Though they compete for housing dollars, they fulfill a fundamentally different consumer need. People, who want to rent, want and require a substantially different service, with specific requirements and related regulations. The sales market is selling a product. It is not merely a preference of taste that decides the consumer's choice but rather overall market cost and social dynamics.

12. Because of these important differences, to be borne out by the evidentiary exhibits, real estate rentals and sales are clearly not in the same product category, are not in direct competition with each other, are not in the same market sector, and would not have been understood (by an artisan of ordinary skill) to be in the same field .

Evidentiary Exhibit 1

13. Evidentiary Exhibit 1 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the Palm Beach Post and bears a publication date of May 1, 2006. The title of the article is "**Apartments for Ren**t"

14. Evidentiary Exhibit 1 has an important bearing on the claimed subject matter. The article clearly states that, " …would-be condos reverting to rentals in the two counties. "We're undergoing a tremendous transition in the marketplace right now, and the sales velocity has slowed," McCabe said." (page 2, middle column, line 8) and "**Rent** rates have gone up, making leasing a more attractive money-maker for some of the very developers who not long ago abandoned leasing"(page 2, middle column, line 16) The relevance of these quotations is that they prove that property developers will shift from the sales market to the rental market based on effects of the sales market. This clearly shows a separation of these two market sectors. Renting can be lucrative while sales slow due to a surplus of housing. These quotes show a clear difference between rental markets and sales markets.

15. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales. This is clearly shown by the reference of a transition within the marketplace do to the possible returns in the rental market. If the products are fundamentally the same there would not be a reason for a transition from one product to another because the two products would be affected by the market determinants in the same way.

Evidentiary Exhibit 2

16. Evidentiary Exhibit 2 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the Units (National Apartment Association) and bears a publication date of March 1, 2004. The title of the article is "**Apartment owners respond to consumer demand for real-time leasing**"

17. Evidentiary Exhibit 2 has an important bearing on the claimed subject matter. The article clearly shows innovations in technology particular to the rental industry. These innovations allow renters to get real time information for renting. This clearly shows a

separation of these two market sectors. Renters require different kinds of internet services to rent compared to the needs of buyers as shown by this article. This shows a clear difference between rental markets and sales markets.

18. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales. This article represents the unique demands of the rental market, which clearly distinguishes the two market sectors.

Evidentiary Exhibit 3

19. Evidentiary Exhibit 3 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in The Orange County Register and bears a publication date of June 4, 2004. The title of the article is "**Whether you're a renter or homeowner, there's help on the Web**"

20. Evidentiary Exhibit 3 has an important bearing on the claimed subject matter. The article clearly shows new internet technology developments that target the unique rental market and the sales market. This is clearly illustrated in this article by the distinctions between internet sites for renters and internet sites for home buyers this is backed up by the articles statement "Lists of apartments for rent. Demographics of the area where homes are for sale."(Page 1, beginning of column, line 1) "Not only can renters surf for apartment leads, they can also find ratings for some complexes and sign up for new services online when they move into the apartment" (Page 3, middle of column, line 9) This article proves a difference in the distinct market sectors by clearly showing how technology developments are unique for selling and renting.

21. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales. Online services for buying and selling homes focus on mortgage rates, buying foreclosed homes, down payments, etc. While renting sights focus on the lease, parking spots, the landlord, pets, etc. These unique concerns clearly show a difference between the buying and selling sector and the renting sector. There are no overlaps in these concerns because they are not found in the other sector.

Evidentiary Exhibit 4

22. Evidentiary Exhibit 4 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the PR Newswire US and bears a publication date of May 11, 2006. The title of the article is "**Classified Ventures**"

23. Evidentiary Exhibit 4 has an important bearing on the claimed subject matter. The article clearly states that, "Apartments.com will continue to focus on its core consumer and multifamily industry audiences to deliver successful, innovative products that help renters locate apartments and moving information and help property owners and managers lease apartments." This is significant because it is a clear example of internet technology directed at the real estate rental market. This article clearly shows how internet technology for this particular website company is being directed at the rental market and not the sales market.

24. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales. The article makes this clear by showing technology focused at the rental market. If renting and selling are fundamentally the same and thus in the same product category, which would imply they are in direct competition with each other, then the technology would not be focused at the individual market sectors like we see in this article and previous articles.

Evidentiary Exhibit 5

25. Evidentiary Exhibit 5 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in The New Zealand Herald and bears a publication date of March 8, 2006. The title of the article is "**Trade Me to target rental housing and jobs markets**"

26. Evidentiary Exhibit 5 has an important bearing on the claimed subject matter. The article clearly states that, " The business was still developing the technology to allow the rental data to go online but had already conquered the online house sales" (page 1, middle column, line 13) The relevance of this quotation is that it proves that housing technology can't be applied to the rental market without "developing" it, this shows a clear separation

between the requirements and methods of doing business in the internet renting and internet buying in real estate.

27. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 6

28. Evidentiary Exhibit 6 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in The Journal Record (Oklahoma City, OK) and bears a publication date of Feb. 16, 2006. The title of the article is "**Oklahoma goes condo crazy**"

29. Evidentiary Exhibit 6 has an important bearing on the claimed subject matter. The article clearly states that, "Our demand study showed that there was an immediate need for 600 for-sale units and at least 300 rental units," said Norton. "As these projects come online, the demand will increase." (page 2, middle column, line 73) The relevance of this quotation is that it proves there is a demand for both rental space and buying space in the condo market. This clearly shows two sectors because if the two "products" where in the same sector they would essentially fulfill the same consumer requirements.

30. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 7

31. Evidentiary Exhibit 7 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the Multi family Executive and bears a publication date of July 15, 2005. The title of the article is "**sight unseen**"

32. Evidentiary Exhibit 7 has an important bearing on the claimed subject matter. The article clearly states that, "using the Internet, animated tours, and other marketing strategies, couldn't renters be persuaded to lock in their next apartment as far as six months

out, just like all these antsy condo buyers? Not everyone is so sure." (page 1, beginning column, line 12) The relevance of this quotation is that it clearly shows a difference between how real estate solicitations for the housing market are not necessarily applicable to the rental market. This shows a need for specialization in marketing for the rental market compared to and distinguished from the sales market.

33. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales. This is clearly shown by the author's description of the unique needs of renters compared to buyers when using internet technology.

Evidentiary Exhibit 8

34. Evidentiary Exhibit 8 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the San Francisco Chronicle and bears a publication date of Dec 12, 2004. The title of the article is "**On the record: Bay Area Real Estate**"

35. Evidentiary Exhibit 8 has an important bearing on the claimed subject matter. The article clearly states that, "Rents have dropped 35, 40 percent. Vacancy rates are at just about their highest levels, (but) they're turning a little bit now, getting a little bit better. I think the main effect is there's been a reallocation of people from rental to home ownership. That's what's taken place. I don't think the building problem in the Bay Area is ever going to solve itself. We have a limited supply of land" (page 3, beginning column, line 128) The relevance of this quotation and the article is that it focuses on the unique market determinants for home owners, in this area the population is building more and more houses in a limited space as people shift from the rental market to be home owners, these home owners are in turn doing this for primary residency rather than to become landlords like in other cases. This distinguishes the buying and selling sectors from the renting sector.

36. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 9

37. Evidentiary Exhibit 9 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the Multi-Housing News and bears a publication date of December 1, 2004. The title of the article is "**Industry Leaders Assess 2004--and Offer Insight on Next Year**"

38. Evidentiary Exhibit 9 has an important bearing on the claimed subject matter. The article clearly states that, "Developments also strengthened their integration of rental and for-sale inventory within common campuses, using the for-sale product to advance recovery of higher land costs while validating the value of the rental alternative." (page 1, bottom of column, line 21) This quote clearly shows how the rental market and sales market are in this case not directly competitive products but rather complementary. Real estate companies can use housing as a means to add value to rental property. This clearly shows that the housing markets success leads to higher value in the rental market. This is a clear example of the two industries relationship in a non-competitive way, proving that they are not in direct competition and thus not in the same market sector as a market sector is defined by direct competition.

39. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 10

40. Evidentiary Exhibit 10 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the Watertown Daily Times and bears a publication date of Oct. 11, 2004. The title of the article is "**Home sales hot in Gouverneur, N.Y**"

41. Evidentiary Exhibit 10 has an important bearing on the claimed subject matter. The article clearly states that, "sales and rentals are booming here because of the Fort Drum expansion" (page 1, top of column, line 1) In this article the author clearly shows that the housing industry has improved and thus the two distinct market sectors which are clearly distinguished are both benefiting from the improved real estate. The article specifies the

unique characteristics of this improvement to the industry but distinguishes the unique characteristics of this improvement in each sector.

42. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 11

43. Evidentiary Exhibit 11 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the Units and bears a publication date of July 1, 2004. The title of the article is "**Moon Software integrates with VaultWare for access to online rental applications**"

44. Evidentiary Exhibit 11 has an important bearing on the claimed subject matter. The article clearly states that, "Prospects who have viewed real-time apartment information (such as date available, rent, amenities and specials) and requested to reserve or even self-screened for a specific apartment online, can now proceed to the next step in the online leasing process by completing a rental application. VaultWare, developed by Realty DataTrust (RDT), processes thousands of reservation requests monthly from the major, national Internet Listing Services and client dedicated Web sites. "Consumers who reserve an apartment online have proven they are willing, and probably prefer, to transact online. This is the ideal audience for the online rental application and when better to present it to them than at the point of sale," said Mike Mueller, CEO of RDT." (page 1, top of column, line 1) This quote and the article clearly show a unique technology developed to facilitate internet renting. This sort of technology is unique to renting and is not applicable to the sales market, making it clear that the rental market offers a fundamentally different service from the sales market. This clearly shows one unique market service rather than a product service, which would imply they are in the same product category, this article focuses on the lease. The lease is a fundamentally different part of the rental market. The lease is not found in sales, and this article focuses on unique technology designed around this unique trait of the rental market. This clearly shows that the renting is not the same service or

product as selling a house and is thus not in the same market sector due to the fact that a market sector is defined by direct competition, which is defined by a product category.

45. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 12

46. Evidentiary Exhibit 12 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the Canada News Wire and bears a publication date of September 6, 2006. The title of the article is "**LiveDeal.ca Rolls Out Welcome Mat for Fall Renters**"

47. Evidentiary Exhibit 12 has an important bearing on the claimed subject matter. The article clearly states that, "LiveDeal.ca (www.livedeal.ca), one of the nation's fastest growing local online classifieds sites, reminds fall renters to click on LiveDeal.ca to find a long list of rental listings right in the neighborhood where they want to live. In a matter of minutes, prospective renters can find detailed property descriptions and photos of available apartments, condos, houses and commercial properties on LiveDeal.ca at no cost" (Page 1, Top of column, line 1) This quote as well as the rest of the article clearly show a unique technological focus as well as an advertising focus targeted at a market rather than an individual product. This is an advertisement focused at a market segment or more specifically a market sector.

48. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 13

49. Evidentiary Exhibit 13 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the Chicago Tribune and bears a publication date of July 30, 2005. The title of the article is "**Young are fastest-growing segment of housing market**"

50. Evidentiary Exhibit 13 has an important bearing on the claimed subject matter. The article clearly states that, “"Rental prices are just as high as a mortgage," said Roberts, who works as an educational specialist. "Why not get some equity out of it and some tax breaks?” (page 2, bottom of column, line 36) This quote and the article clearly show the difference between the buying/selling market sectors and the renting sector by focusing on the sector determinants. The housing market as shown by this article is significantly effected by the low interest rates. As interest rates shift so does the demand for housing, in this article low interest rates means high demand to buy, this is not the case in renting, it is the opposite, as interest goes down the buying market looks more appealing compared to renting, so the rental market takes a hit. Home owners gain tax benefits which is unique to this market sector. Equity and mortgages are also a characteristic unique to the buying and selling market. This clearly shows that buying and renting are not in the same product category and thus are not in direct competition with each other. This proves that there are two unique market sectors.

51. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 14

52. Evidentiary Exhibit 14 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in The Post and Courier and bears a publication date of May 7, 2005. The title of the article is “**Web site aims to tap into area's rental market needs**”

53. Evidentiary Exhibit 14 has an important bearing on the claimed subject matter. The article clearly states that, “Rental properties are a key component of the Charleston real estate market because not everybody can afford to buy, or they need time to decide where to purchase,” (Page 1,middle of column, line 8) This quote clearly shows that that renting is not in direct competition with the buying market. Rather a way to get a feel for a region where a purchase is being contemplated. This clearly shows that the two distinct market sectors working together rather than competing.

54. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 15

55. Evidentiary Exhibit 15 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in The San Francisco Chronicle and bears a publication date of September 26, 2004. The title of the article is "**Meeting their match**"

56. Evidentiary Exhibit 15 has an important bearing on the claimed subject matter. The article clearly shows a way that the renters and home buyers can use internet sources to research the real estate market. This article illustrates some of the unique characteristics of the internet in facilitating the unique demands of the rental sector.

57. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 16

58. Evidentiary Exhibit 16 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the Newsday and bears a publication date of April 30, 2004. The title of the article is "**Electronic Edge**"

59. Evidentiary Exhibit 16 has an important bearing on the claimed subject matter. The article clearly shows another example of electronic innovation specific to the rental industry. As this article clearly shows the specifications for renting online are independent of the house selling market do to the demands of the renters and the landlords. The popularity of rental only sites show the high demand for technology specific and engineered to the rental sector of the real estate market.

60. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 17

61. Evidentiary Exhibit 17 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the Boston Globe and bears a publication date of May 18, 2003. The title of the article is "**Young Buyers Fast and Free**"

62. Evidentiary Exhibit 17 has an important bearing on the claimed subject matter. The article clearly states "Websites are also useful for long-term rentals. Renters can do a lot of homework online and quickly narrow their choices before visiting properties, said senior portfolio director Sarah Mathewson of AvalonBay Communities Inc., which manages many rental units in Massachusetts. All that homework makes for a "more informed prospect" and speeds up the process, she said. **Websites where housing is bought and sold are a different story**. More money is at stake here and, unlike renters, buyers are less inclined to make snap decisions" (Page 1, bottom of column, line 28) This clearly shows that renters have different demands for internet tech relative to renting as apposed to buying. This quote focuses on this articles main point. That the internet has helped the real estate industry, but for renters they need technology engineered to their unique needs.

63. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 18

64. Evidentiary Exhibit 18 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in Newday (New York) and bears a publication date of July 13, 2001. The title of the article is "**The State of Real E-State**"

65. Evidentiary Exhibit 1 has an important bearing on the claimed subject matter. The article clearly states that, "The Internet is also helping an increasing number of renters. For instance, computer systems analyst Michael Broggy found his rental apartment via Rent-Direct.com in February. The service allows users to see rental listings, including apartment photographs, for free, but they must pay a registration fee of $169 to access building addresses and landlord phone numbers. Users set up their own appointments and meet with building rental agents on their own." (Page 3, Middle of Column, line 20) This

quote clearly shows the unique characteristics renting online; this entire article focuses on the demands of buyers, sellers and renters as far as their unique needs from internet sights. These unique needs clearly show that these are separate market sectors.

66. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 19

67. Evidentiary Exhibit 19 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the Chicago Sun-Times and bears a publication date of June 24, 2001. The title of the article is "**Going back to renting**"

68. Evidentiary Exhibit 19 has an important bearing on the claimed subject matter. The article clearly shows the unique traits of renting. This article focuses on the older generations starting to sell their homes to rent. A lot of this has to do with the older generation wanting a landlord to take responsibility for property; they are tired of the extra responsibilities attached to owning a home. This is relevant because it further shows that the two sectors offer a fundamentally different product. Though they fulfill a similar need the demand of consumers is motivated by substantially different needs.

69. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 20

70. Evidentiary Exhibit 20 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the PR Newswire and bears a publication date of March 29, 2000. The title of the article is "**Viva.com Announces Nation's First Online Apartment Leasing For Six U.S. Cities Dallas, Houston, Austin, Denver, Las Vegas, Phoenix Among Launch Markets**"

71. Evidentiary Exhibit 20 has an important bearing on the claimed subject matter. The article clearly states that, "Viva.com(TM) (www.viva.com), the nation's first online leasing

center in the rental housing industry"(Page 1, top of column, line 1) "Viva's website is experiencing robust customer activity with more than 3,000 rental offers and several lease transactions having been generated during the three week beta period" (Page 1, middle of column, line 5) "Viva.com is the first e-commerce company to enable renters to request their precise rental housing needs and to then receive rental offers from properties in their desired markets that match those needs. Renters pay no charge to use Viva's website and instead, are paid $100 cash when they close a lease transaction through Viva. Viva's unique free and open marketplace allows all owners and managers of apartments, condos and houses to freely access Viva's website and to register their properties in a quick and easy process. Property registration enables owners and managers to respond to rental requests with virtually instant rental offers."(Page 1, middle of column, line 14) These quotes from the article clearly show the development and the success of unique internet services targeted at the "rental housing industry". Not only does the author describe renting as its own industry, the author also goes on to talk about the unique service this rental site offers its users. This clearly shows a unique market sector.

72. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 21

73. Evidentiary Exhibit 21 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the Washington Post and bears a publication date of Oct. 7, 2006. The title of the article is "Dear Bob"

74. Evidentiary Exhibit 21 has an important bearing on the claimed subject matter. The article clearly states that, "DEAR BOB: I have owned and lived in my home about six years. I want to build a single-family house on my large corner lot. Can I live in the new house for two years without paying capital gains tax and, if I **rent** my old house, am I still exempt from capital gains tax when I decide to **sell?** -- Julianne S. DEAR JULIANNE: If I understand your question correctly, you plan to move into the new house to be built and then **rent** your current residence for a few years before selling it. Until a property is sold,

no tax consequence occurs. To qualify for the Internal Revenue Code 121 principal-residence-**sale** tax exemption up to $250,000 (up to $500,000 for a qualified married couple filing a joint tax return), you must have owned and occupied the home at least 24 of the last 60 months before its **sale.** That means you can **rent** your old home up to 36 months before losing your IRC 121 principal-residence-**sale** tax exemption. Consult a tax adviser for details." (page 2, Bottom of column, ; line 35) This quote clearly shows a difference between the concerns of the renting market and the selling market. This quote focuses on the effect of renting on a housing tax relative to principle housing. This clearly shows the unique nature of information in renting compared to selling and the expertise required. It also shows how a person buying a house to rent helps both the buying market and the renting market. This clearly shows that the two products are not in direct competition with each other and are thus in a separate market sector.

75. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 22

76. Evidentiary Exhibit 22 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the New York Times and bears a publication date of Sept. 24, 2006. The title of the article is "Houses available for 50,000 (a month that is)"

77. Evidentiary Exhibit 22 has an important bearing on the claimed subject matter. The article clearly states that, "As housing **sales** soften in some areas, rentals are beginning to look good to sellers who do not want to cut prices. Renting is also becoming more attractive to potential buyers who would rather wait and see what direction the market is going to take."(page 1 top of column, line 6) "Mr. Horn said he had noticed lately that "while the **sales** market has slowed, the demand for leases has gotten higher," which sometimes creates bidding wars."(page 2, top of column, line 7) These quotes clearly state a difference between the housing market and how they relate to each other. In this article the rental market is a substitute for a weak sales market. In this case renting is not a

competition for the sales market but rather a market stabilizer. As the market weakens people will dump their houses to save losses, this further weakens the market. If the owners rent instead of selling they can make returns and stabilize the market. So rather that being in direct competition the two markets actual work together to improve the overall real estate market. This clearly shows that there are two market sectors, due to the fact that the rental market and the sales market are not competing.

78. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 23

79. Evidentiary Exhibit 23 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the Star Tribune and bears a publication date of Jan 8, 2005. The title of the article is "After a rousing 2004, housing markets may cool"

80. Evidentiary Exhibit 23 has an important bearing on the claimed subject matter. The article clearly states that, "With mortgage rates near historic lows and the highest numbers of houses for **sale** and apartments for **rent** since 2000, renters and home buyers found themselves spoiled with choices.." (page 1, middle column, line 9) and "In many ways the **rental market** mirrored many of the dynamics of the for-**sale** housing market, but for different reasons."(page 2, middle column, line 20) "The **rental market** suffered at the hands of the housing market, which continued to steal renters who took advantage of historically low interest rates to become homeowners. However, when it came to low-income housing, demand still exceeded supply." (page 2, middle column, line 32) These quotes clearly show that in this particular area the two market segments work as complementary markets. The rental Market mirrors the sales market but as quoted above it is because of different market determinants. The author not only illustrates unique sector traits but refers to the "rental market", which proves the author sees the rental market as a substantially different market from the "housing market".

81. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 24

82. Evidentiary Exhibit 24 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in The New York Times and bears a publication date of April 22, 2004. The title of the article is "Betting on **Rent** Over Mortgages"

83. Evidentiary Exhibit 24 has an important bearing on the claimed subject matter. The article clearly states that, "A lot of buyers at any price range are having frustrations finding product available at the price they want to pay, so they're turning to the **rental market,**" said Stephen Kotler, a broker with Douglas Elliman, the Manhattan real estate firm" (page 2, middle column, line 8) This shows that a person who wants to buy a house will substitute renting for buying. So this article shows that a person will leave the buying market for the rental market because of the fundamentally different market conditions in the rental market. This shows that renting and buying are fundamentally different market sectors. As housing prices peak people start looking for rentals as a substitute, this shows a clear difference due to the independence of the rental markets determinants from the sales market. As well as the authors reference to the "Rental market" proves the author sees renting as an independent market.

84. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 25

85. Evidentiary Exhibit 25 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the South China Morning Post and bears a publication date of September 18, 2002. The title of the article is "The Manhattan transfer"

86. Evidentiary Exhibit 25 has an important bearing on the claimed subject matter. The article clearly states that, "A similar picture is emerging within the **rental market,** which though not as strong as the **sales market,** has seen a rapid recovery since the terror attacks depressed rents by up to 30 per cent in lower Manhattan." (page 2, middle of column, line 17) This quote and this article clearly show a separation of the markets, not just in how they are referred to as the "rental market" and "sales market" but in the fact that compared to other articles where the rental market and the sales market shift independently. This article focuses on the mirroring of the two industries.

87. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 26

88. Evidentiary Exhibit 26 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the Sunday Times and bears a publication date of June 1, 2003. The title of the article is "Should you sell your home to rent?"

89. Evidentiary Exhibit 26 has an important bearing on the claimed subject matter. The article clearly states that, " HOMEOWNERS are **selling** up and choosing to rent instead to lock in profits from the house-price boom and avoid any crash. The trend has emerged amid growing fears that property values could slide. Estate agents have already reported price falls of up to 20% in some parts of the southeast of England over the past five months. Homeowners are therefore "**selling** to rent" and hoping to buy again at bargain prices once values have dropped. Jeremy Leaf at the Royal Institution of Chartered Surveyors (RICS) said: "Fears of a house-price slump mean households are **selling** up and **renting** in the hope of making a profit while the market is still strong." (page 1, top column, line 1) This clearly shows a transition period from the house selling market to renting. This illustrates that the differences in the markets by showing how people in the selling market will avoid a possible market crash by switching from selling to renting to protect themselves from a possible crash. This clearly shows a difference in markets much less product category due

to the ability to avoid losses. If the two market sectors were not independent then a crash would affect house sales and renting.

90. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 27

91. Evidentiary Exhibit 27 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in The Daily Telegraph and bears a publication date of November 3, 2001. The title of the article is "Plenty of room to rent?"

92. Evidentiary Exhibit 27 has an important bearing on the claimed subject matter. The article clearly states that, "Crouch doesn't believe, however, that the grant has affected the **rental market** too badly. She says while some industry members argue there are now more rental properties without tenants, others suggest there are more owner occupiers **buying** homes that were previously rentals, therefore reducing the supply of rental properties" (page 2, bottom of column, line 28) this shows that the rental market will improve as the housing market improves. As more properties get bought from renters then the supply of rental apartments will decrease thus increasing the demand and improving the market. So in this case the two market sectors mirror each other, with the improvement of the housing market so too will the rental market improve, this is not direct competition and thus these two industries are in separate market segments. The author also refers to the "rental market" clearly showing the author believes that renting is a separate market.

93. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 28

94. Evidentiary Exhibit 28 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in The Houston Chronicle and bears a

publication date of July 13, 2006. The title of the article is "New technology helps ease **home buying** process"

95. Evidentiary Exhibit 28 has an important bearing on the claimed subject matter. The article clearly states that, "It is a major step toward making the closing transaction fully electronic and paperless. It is also one of many ways the **home-buying** industry, considered by some to have been slow to adapt to new technology, is becoming more and more tech-savvy." (page one middle of column, line 7)"Also, during the whole **home-buying** process, they reviewed all of their closing documents **online** through another Stewart Title tool." (Page 1 bottom of column line 17) These quotes and this article show how technology is developed specifically to the home buying industry, if home buying was not a separate sector or more generally the same market segment than the technology would be applicable to the rental market. But as this article and others listed here clearly show they are not. The author also refers to the "home buying industry", showing that the buying of homes is an independent industry.

96. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 29

97. Evidentiary Exhibit 29 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in The Moscow Times and bears a publication date of July 18, 2006. The title of the article is "A Strong Contract Can Avert Rental Nightmares"

98. Evidentiary Exhibit 29 has an important bearing on the claimed subject matter. The article clearly shows a fundamental difference between the rental market and the housing market. In this article the author describes the necessity of a sound contract and the unique concerns of a renter. The expertise required to work in the rental market and the concerns involving the lease contract are completely un-related to the house buying industry. These unique processes in the renting market clearly distinguish it as a separate market sector.

99. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 30

100. Evidentiary Exhibit 30 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in The Boston Herald and bears a publication date of December 12, 2005. The title of the article is "Landlords eye **sales** market"

101. Evidentiary Exhibit 1 has an important bearing on the claimed subject matter. The article clearly states that, "Apartment landlords are nervously eyeing the home-**sales** market slowdown, fearing a ``bloodbath" might dump a lot of properties onto the **rental market** and force **rents** lower. After **rents** skyrocketed in the late 1990s and early 2000s, they began to generally stabilize or even fall in some areas, as historic low mortgage rates pushed more first-time buyers into the home and condo markets, decreasing demand for apartments. Other factors - such as the building of new college dorms and senior housing - contributed to a sluggish apartment market. But in recent months, the home-buying market has noticeably slumped - and apartment prices have reacted with a small uptick, though not in all areas.`` In general, the (apartment) market has improved," said Tom Meagher, president of Northeast Apartment Advisors, noting area apartment **rents** increased about 0.5 percent in August over March figures."(page 1, top column, line 1) This quote and the article focus on a transition from the rental market to the home-sales market. So landlords are looking to sell there property to avoid an over supply in the rental market. This shows the unique concerns of the landlords who are unique to the rental market. This transition is to avoid a market shift and thus avoid the negative market determinants. This clearly shows that the renting and home-sales are separate sectors.

102. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 31

103. Evidentiary Exhibit 31 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in The Baltimore Sun and bears a publication date of January 25, 2004. The title of the article is "Sky-high home prices are a boon to landlords"

104. Evidentiary Exhibit 31 has an important bearing on the claimed subject matter. The article clearly states that, "When rates decline, people who could not qualify to buy a home with higher rates suddenly realize they can buy a home," Yun said. "As a result, the **rental market** has suffered because many renters switch over to the low rates of homeownership, leaving behind higher vacancy rates."(page 2, bottom of the page, line 25) This quote clearly shows that the author considers renting a independent market. The author refers to several unique market determinants in this article focusing primarily on the unique effect of interest rates on the buying and selling market. This shows not only that the author feels that there are two unique markets but shows specific examples of unique characteristics.

105. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 32

106. Evidentiary Exhibit 32 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in The Washington Post and bears a publication date of January 3, 2003. The title of the article is "Why Your House Will Be Worth More Evidentiary Exhibit 33 has an important bearing on the claimed subject matter. The article clearly states that, "2003 was not a great year for the **rental market. . . . Rents** were down probably 4 to 5 percent, half of that in vacancies and half in concessions [such as free month's **rent** deals]." (Page 11, middle of column, line 16) "[In 2004,] we expect **sales** will be 5 percent slower because of the interest rates. . . . But we said that in 2002 about 2003 and look what happened."(Page 4, top of column, line 4) these quotes and the article clearly show the differences between the rental market and the sales market. Not only does the other refer to the rental market but he also talks about the unique and

independent shifts of both sectors. As we see the author predicts that the two markets will mirror each but states that the sales market is harder to judge due to unique determinants. He also talks about unique ploys that landlords are offering and about the interest rate's effect on the sales market.

107. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 33

108. Evidentiary Exhibit 33 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in The Washington Post and bears a publication date of January 4, 2003. The title of the article is "What's on the Horizon?"

109. Evidentiary Exhibit 33 has an important bearing on the claimed subject matter. The article clearly states that, ""The **rental market** will be pretty similar to last year's, which is to say, a pretty good time to be a renter. Renting is a much better value compared to ownership than it was two years ago because **sales** prices have increased a lot while effective **rents** [taking concessions into account] are lower. "(page 8, bottom of column, line 8 from bottom) "When will the **rental market** pick up for landlords? It all depends on job growth and the economy. When job growth picks up, the **rental market** will be about 3-6 months behind it. It's probably never been a better time to be a renter in this area." (Page 9, top of column, line 8) These quotes clearly show the author referring to the rental market. The author also points out the unique characteristics of the rental market in relation to the sales market. He sights job growth as a primary determinant for the rental market, as apposed to the buying selling market which is primarily determined by interests rates do to the effect of a mortgage. The author also points out a fundamental difference between the market sectors, the landlord. This is a position unique to the rental market clearly showing a difference in the fundamental nature of the rental market.

110. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 34

111. Evidentiary Exhibit 34 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in The San Francisco Chronicle and bears a publication date of MAY 26, 2002. The title of the article is "OPPOSITE PATHS"

112. Evidentiary Exhibit 34 has an important bearing on the claimed subject matter. The article clearly states that, "While the median home price in the Bay Area vaulted to a record $402,000 in April, **rents** in many counties have fallen precipitously and landlords are tripping over themselves to fill vacancies. Economists say the divergence isn't unprecedented -- it also happened in 1988 after the stock market crash sent people fleeing to invest in real estate -- but it is unusual. While the **rental market** seems to be behaving normally, given the sour economy and hordes of layoffs, the perky home market appears to be defying economic and common sense. " (page 1, top of column, line 2) "It's surprising," Schmid said. The home **sale** market "didn't drop off like one might have thought, taking into account the employment situation. But the **rental market** is way down." (page 1, bottom of column, 5 lines up from bottom) This article clearly shows a difference between the sales market and the rental market. In these quotes and through out the article the author refers to the sales market and the rental market. Not only is each market rated and measured separately, but the two markets act independently. The rental market is way down but the sales market is going strong. This clearly shows that the markets independence from each other.

113. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 35

114. Evidentiary Exhibit 35 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in The New York Times and bears a publication date of May 6, 2001. The title of the article is "In the Hamptons, Room This Summer"

115. Evidentiary Exhibit 35 has an important bearing on the claimed subject matter. The article clearly states that, "Judi Desiderio, the vice president of Cook Pony Farm, described the current real estate market in the Hamptons as "a bell curve." "The 'below $500,000' inventory is very small," she said, "and over $15 million, there is very little inventory. At the apex of the bell curve is the $2.5 to $3.5 million house. This is where there is a bit of a swell." As a consequence, that swell is creating an abundance of rentals. Laura White of Allan M. Schneider & Associates, the Bridgehampton real estate company, said that 40 percent of the homes now on the **rental market** would not be there if the stock market had not declined. She and other brokers reported that many sellers of midrange homes were taking their properties off the market and turning to the summer **rental market** to help meet their mortgage payments -- if they can find a renter."(page 2, top of column, line 9) In this quote the author clearly refers to the two markets as well as describing the unique characteristics of the rental market compared to the sales market. The article goes into more detail about the market trends and how the two markets compare to eachother.

116. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 36

117. Evidentiary Exhibit 36 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in The Advertiser and bears a publication date of October 3, 2006. The title of the article is "Apartments for Rent"

118. Evidentiary Exhibit 36 has an important bearing on the claimed subject matter. The article clearly states that, "**Rent**-A-Home.com.au, of Moore Park, Sydney, offers a national real-time listing, booking and payment service for holiday and executive rental accommodation" (Page 1, top of column, line 3) This article and this quote focus on a unique rental website, this technology is tailored to the specific needs of the renter and clearly shows a substantial difference between renting technology and selling technology.

119. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 37

120. Evidentiary Exhibit 37 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the Newsday and bears a publication date of October 27, 2006. The title of the article is "Soft market, hard choice"

121. Evidentiary Exhibit 37 has an important bearing on the claimed subject matter. The article clearly illustrates the fundamentals of renting. The author talks about home owners offering there property for sale or rent. This shows how a home owner can take advantage of the benefits of two unique market sectors. If the sectors are the same then there would be not reason to other than to get an edge on competition. The author also clearly refers to the "rental market".

122. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 38

123. Evidentiary Exhibit 38 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the THE SAN FRANCISCO CHRONICLE and bears a publication date of October 19, 2006. The title of the article is "**Rental market** is red-hot"

124. Evidentiary Exhibit 38 has an important bearing on the claimed subject matter. The article clearly states that, "The apartment **rental market** and the housing market have traded places. As the promise of big gains from the purchase of a home has waned, more people are being driven to the **rental market,** said Stephen Levy, director of the Center for the Continuing Study of the California Economy. Data released Tuesday by DataQuick shows that home prices in the Bay Area dipped 0.8 percent from September 2005 to September 2006, the first drop in more than four years."(Page 1, middle of column, line 8)

In this article the author clearly refers to the shift from a strong housing market to a strong rental market. Not only does the author refer to them as independent markets, the entire article is about the unique characteristics of the rental market and how it is booming compared to the housing market.

125. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 39

126. Evidentiary Exhibit 39 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the Business Day and bears a publication date of August 11, 2006. The title of the article is "Demand and needs tend to differ"

127. Evidentiary Exhibit 39 has an important bearing on the claimed subject matter. The article clearly states that, "The general consensus from estate agents is that two years ago, SA went through a bit of a rough patch in terms of the **rental market.** However Retha Schutte, co-manager of the Pam Golding Properties branch in Tshwane, says that rentals in Tshwane have remained at a high level as a result of sustained ongoing demand from the diplomatic corporations and international agencies - so much so that buy-for-let investors have continued to enjoy good returns."(page 2, top of column, line 1) This article and this quote clearly distinguish the two market segment. This quote not only shows how the author refers to the "rental market" but its unique determinants for why it is performing well.

128. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 40

129. Evidentiary Exhibit 40 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the Financial Times and bears a publication date of July 15, 2006. The title of the article is "Up, up and away: rents soar in

Dubai It may feel like a 24-hour building site, says Catherine Moye. But for the time being Dubai is suffering from a shortage of accommodation"

130. Evidentiary Exhibit 40 has an important bearing on the claimed subject matter. The article clearly states that, "For the 80 per cent of expatriates who aren't interested in buying, this is especially true. And the result is a booming, some might say extortionate, **rentals market.**"(page 1, top of column, line 9) In this article the author clearly refers to the rental market, as well as the unique reasoning and motivations for renters. These unique motivations and market determinants clearly show a fundamental difference between the housing market and the sales market.

131. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 41

132. Evidentiary Exhibit 41 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the Business Day and bears a publication date of June 09, 2006. The title of the article is "Approach with caution"

133. Evidentiary Exhibit 41 has an important bearing on the claimed subject matter. The article clearly states that, "Firstly, the long-term (Rental)market is capped by limited affordability as salaries are typically low. Entry-level housing is at about the R1m mark and would attract a rental of about R3000 a month. Secondly, with regard to short-term holiday lets, there is a vast amount of choice except at real peak periods, probably amounting to four weeks of the year. Once all the costs of rental are calculated, returns are also depressed. The income achieved is being measured against very high property values as we have just come through the biggest property boom in SA's history. There is always a high demand for rental; however, there is a large supply of stock."(page 2, top of column, line 7). This quote shows how an expert in the marketing of rental properties analysis the rental markets unique traits and trends. The determinants for this area are unique to renting. This clearly shows a unique market sector due to the separate market determinants.

134. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 42

135. Evidentiary Exhibit 42 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in The Advertiser and bears a publication date of May 26, 2006. The title of the article is "House price rise widens the divide"

136. Evidentiary Exhibit 42 has an important bearing on the claimed subject matter. The article clearly states that, "The short-term outlook shows a modest price growth and a tight **rental market,**" Mr Myers said. "Buying **real estate** in Adelaide is becoming attractive to people in the eastern states because there is a successful **rental market** which is promising for buyers."(page 1, Bottom of column, 9th line up from bottom) In this article the author refers to the independent movements of the "rental market". This article clearly shows that a strong rental market attracts home buyers, thus improving the buyers market. This clearly shows that the two markets are complementary sectors and not in direct competition.

137. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 43

138. Evidentiary Exhibit 43 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the Orlando Sentinel and bears a publication date of May 20, 2006. The title of the article is "Homes for sale reach record"

139. Evidentiary Exhibit 43 has an important bearing on the claimed subject matter. The article clearly states that, "Sharples said many second-home buyers, who may have thought of their property as a profitable short-term investment but now face a buyers' market, are rushing into the **rental market.** "They're looking to cover their costs," he said. But Orlando is a challenging vacation-**rental market** because of the competition, said Christine Karpinski, a HomeAway sales consultant. Not only are there huge numbers of

homes for rent, especially in the Walt Disney World/Osceola County area, where international investors are heavily concentrated, but the area's hotel market is so huge."Orlando is so saturated with hotels. It's hard to get positive cash flow on your vacation home," she said. " (page 2, bottom of column, line 7) The author clearly refers to the rental market as well as a vacation-rental market. In this article the author refers to people in the buyers market changing to the rental market to save losses due to a downturn in the buying market.

140. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 44

141. Evidentiary Exhibit 44 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in The New York Times and bears a publication date of February 5, 2006. The title of the article is "High-End Rentals Aim for New Heights"

142. Evidentiary Exhibit 44 has an important bearing on the claimed subject matter. The article clearly states that, "But also, the ever-rising cost of for-sale housing has made this an auspicious time to construct new apartments. In Westchester, the median price of a single-family home in the county hit $711,700 at the end of the third quarter of last year -- a record high, according to the Westchester-Putnam Multiple Listing Service. Additionally, many apartments have been converted to condos in recent years, creating a shortage of high-end rental housing. In White Plains last spring, for example, JPI Northeast, an apartment builder based in Irving, Tex., switched a nearly complete 281-unit that was to be rentals to condos. As a result of the shortage, occupancy rates at luxury rental apartment complexes like Avalon on the Sound are about 96 percent, which is considered full. The company generally markets its properties to empty-nesters, who no longer need large homes, and to young workers who not ready to purchase a house, said Stephanie Cuba, a development director for Avalon." (page 2, middle of column, line 9) This quote

clearly shows people investing in and switching to an independent rental market, due to unique demands from consumers.

143. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 45

144. Evidentiary Exhibit 45 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the Star Tribune and bears a publication date of January 14, 2006. The title of the article is "BALANCING ACT"

145. Evidentiary Exhibit 45 has an important bearing on the claimed subject matter. The article clearly states that, "The glass will either be half-empty or half-full in the **rental market,** depending on whether you're a renter or landlord, as the **rental market** tightens a bit. Over the past several years, the housing boom has a been a boon for renters, providing plenty of options and stable rents as many other renters left to buy homes. Now that mortgage rates are rising and the exodus into ownership is slowing, renters should find more competition, less stable rents and fewer concessions from landlords. Brent Wittenberg, vice president of GVA Marquette Advisors, said vacancy rates should drop to about 5 percent by the third quarter, down from almost 6 percent last year. At that rate, the **rental market** is considered to be in equilibrium, with plenty of choices for renters and an ample supply of renters for landlords" (page 2, bottom of column, line 11 from bottom) The author clearly refers to the rental market and the independent movements of the rental market related to the housing market. Though the two markets do effect each other the other does make a clear separation between the performance of the individual markets and the determinants.

146. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 46

147. Evidentiary Exhibit 46 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the Atlanta Business Cronicle and bears a publication date of October 8, 1999. The title of the article is "Overlooked **rental market** booming"

148. Evidentiary Exhibit 46 has an important bearing on the claimed subject matter. The article clearly states that, "(The **rental market)** tends to run the opposite of the **sales market,**" Dupuy said. "The rental side picks up when the for-**sale market** is not as hot." (page 1, middle of column, line 14) This shows a relationship between the market and the tendencies of the markets. As other articles show this relationship is not always the same. The author clearly refers to the individual markets in this quote and throughout the article.

149. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 47

150. Evidentiary Exhibit 47 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in The Times and bears a publication date of December 16, 1998. The title of the article is "Hedging your bets when the housing market starts to shake"

151. Evidentiary Exhibit 47 has an important bearing on the claimed subject matter. The article clearly states that, "Mr Lawson says: "The **sales market** has dried up totally. No one seems to want to move at present. I would rather sell the property - rental returns are very low here, around 3 or 4 per cent - but if I am not going to sell for six months, I may as well let it to get some return."(page 1, middle column, line 9) "If this is the case for you, give your agent a sensible time to market the property. It takes time to prepare a property for the **sales market,** but a tenant can be found tomorrow. As a result, if you do instruct an agent to offer your property on both the sales and **rentals market** from the beginning, make sure you are able to move quickly. And bear in mind that the **rental market** is not strong. Traditionally, whenever the **sales market** has dipped, the **rentals market** has grown. But

that is not the case this time. Many overseas banks have pulled in their relocations, and budgets have been cut." (page 1 and 2, bottom column, line 2 from bottom) This quote clearly shows the rental market mirroring the sales markets poor performance. The home owners because of the poor selling market are starting to rent even though the returns are low at least it is some income. This shows the flexibility of the rental market compared to the sales market. This clearly illustrates a separate market sector.

152. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 48

153. Evidentiary Exhibit 48 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the Journal of the American Chamber of Commerce in Hong Kong and bears a publication date of July 1, 1997. The title of the article is “EXPATRIATE QUARTERS”

154. Evidentiary Exhibit 48 has an important bearing on the claimed subject matter. The article clearly states that, “How did the leasing side perform? It did very little, virtually nothing in terms of movement of rents. If anything, it dropped. This was due to different players and different sentiment. In the **sales market,** you had end-users and speculators both of whom were Hong Kong Chinese or Asian. The early part of the year was dominated by the end-user and the latter part of the year and the majority of the dramatic price increases were down to the speculators. The **rental market** is essentially 80 percent expatriate-driven. Expats used to mean American or British. Now it means also European and Asian. What you saw in the **rental market** was continued concerns about the future of Hong Kong.” (page 3, middle of column, line 17 from bottom) “Is it common to have strong sales but a depressed **rental market?** No, it is extremely unusual. What drove the capital market was immaterial to the **rental market.** We are seeing capital values declining somewhat and rentals increasing. The two are moving into their more normal orbit. Investment yields are still very low but getting better. I think they will continue to realign, principally from rents moving up rather than capital values coming down” (Page 4, top of

column, line 2) This article and this quote clearly illustrate the market determinants that are unique to the rental market compared to the sales market. As this article shows the relationship between the sales market and the rental market can be complicated. As the article points out renting should improve but not affect the sales market. This clearly shows independent market sectors

155. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 49

156. Evidentiary Exhibit 49 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in The New York Times and bears a publication date of February 27, 1994. The title of the article is "New York Apartment Rents Moving Up"

157. Evidentiary Exhibit 49 has an important bearing on the claimed subject matter. The article clearly states that, "Among the reasons for the turnaround, she said, are the fact that there has been very little new construction since 1988, "and that, combined with a low-interest rate environment, has helped the co-op **sale market** to improve and take the supply out of the **rental market.**" (page 2, middle of column, line 25) This article talks about the unique market determinants to each market. As this article shows as the interest rates drop people will buy more houses. This is unique to sales, and as the supply of houses drops demand will increase in rental market, or it could lose renters to the buying market. The independent movement or the rental market proves it is an independent product.

158. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Evidentiary Exhibit 50

159. Evidentiary Exhibit 50 is an article retrieved from the Lexis / Nexis research service. The exhibit is an article that appeared in the Tulsa Business Chronicle and bears a

publication date of August 13, 1990. The title of the article is "Housing **Rental Market** Picking Up, Realtors Say"

160. Evidentiary Exhibit 50 has an important bearing on the claimed subject matter. The article clearly states that, "Jay Menger, owner of J. Menger Realtors, says that unlike the home-**sales market** -- where there are services that list salable properties -- there is no such clearing house for single-family rentals in Tulsa"(page 1, top of column, line 3) "This local increase in rental demand should bode well for the residential **sales market,** Menger says"(page 1, bottom of column, line 6 from bottom) "Higher residential sales, an increase in population and a low turnover rate for rental houses could result in a tighter, stronger **rental market,** she says" (page 2 top of column line 5) This article clearly refers to the two markets as well as states a stronger rental market will help the sales market improve. This clearly shows that the two markets are not in direct competition with each other and are thus not in the same market sector.

161. This article establishes that the persons of ordinary skill in the relevant field considered there to be substantially no overlap in the two strongly divided sectors of real transactions, namely, rental and sales.

Conclusion

162. In view of the foregoing points, it is respectfully submitted that the Forward reference, and all similar references dealing with real estate sales, constitute non-analogous art with respect to any of the claims now pending.

163. I declare that all statements made herein of my knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements are made with the knowledge that willfully false statements are punishable by fine or imprisonment under 18 U.S.C. § 1001 and that any such statement may jeopardize the validity of the subject application or any patent issued thereon.

/Jeff Jacob Brauer/	November 27, 2006
Jeff Jacob BRAUER	Date

Evidentiary Exhibit 1

FOCUS - 1 of 3 DOCUMENTS

Palm Beach Post (Florida)

May 1, 2006 Monday
FINAL EDITION

SECTION: INSIDE LOCAL BUSINESS; Pg. 1F

LENGTH: 880 words

HEADLINE: APARTMENTS FOR **RENT**

SERIES: THE HOUSING SQUEEZEAn occasional series

BYLINE: By EVE SAMPLES Palm Beach Post Staff Writer

BODY:

For anyone not convinced that the housing market has lost some pep, now there's this:

A growing number of the "condo conversions" that eroded South Florida's supply of rental housing during the past two years are reopening their doors to renters. With the condominium market flooded, at least three Palm Beach County complexes have abandoned their conversion plans and turned back to renting, said Jack McCabe, chief executive of McCabe Research and Consulting in Deerfield Beach.

They are The Enclave at Delray Beach, Orchid Lakes in Boynton Beach and San Merano at Mirasol in Palm Beach Gardens. In all, they represent almost 1,300 units.

McCabe documented another 284 units in Broward County, and he suspects there are 500 more would-be condos reverting to rentals in the two counties.

"We're undergoing a tremendous transition in the marketplace right now, and the sales velocity has slowed," McCabe said.

Instead of letting units sit empty, "everybody's trying to figure out a way to get residual income in real estate," he said. In many cases across the state, that means renting.

Since the start of 2004, the owners of 68 Palm Beach County complexes totaling more than 18,000 units announced they would convert to condos, according to McCabe's research, which examined complexes larger than 100 units that are not publicly subsidized.

The resulting rental shortage has triggered a twist: **Rent** rates have gone up, making leasing a more attractive money-maker for some of the very developers who not long ago abandoned leasing.

With condo sales slowing, the need for another source of revenue is especially pronounced, since most condo converters went with 12- to 18-month financing, McCabe said. To refinance with longer-term loans, developers will need income.

Meanwhile, **rent** rates are jumping 13 percent to 40 percent after remaining relatively flat from 1999 to 2003, McCabe said.

"I think that some developers and owners have decided that the best route to go is to go back to apartments, to fill them up," he said.

That was the case for Kolter Communities LLC, the developer of the 476-unit San Merano at Mirasol. After announcing it would convert the complex to condos and testing the market with an advertisement, the company decided late last year that renting would be more lucrative, said Mary Kay Willson, vice president of marketing for Kolter.

"It was just a business decision to leave it as rental," she said.

The Treasure Coast also has seen hundreds of apartments converted to condos - and, now, some returning to rentals.

The Estates at Stuart, a 237-unit complex off Kanner Highway that converted to condos last year, has opened a leasing office and is advertising its rentals on Web sites such as www.**rent.**com.

A call to the office revealed seven- and 12-month leases are available for a mix of developer- and investor-owned units.

Stuart real estate broker Mike Morgan said he thinks the owner, Philadelphia Management and Cos., was forced to return to renting because the condos - priced at $185,000 and up - didn't sell as quickly as expected. The company set a Martin County record when it paid $45 million for the complex early last year.

"Eventually, it's just a matter of the numbers for all of these developers," he said. "If the numbers don't make sense, they go to leasing."

Still, The Estates at Stuart apparently hasn't abandoned its sales efforts. Even as it advertises rental units for $1,100 a month and up, it's continuing to push its condos.

Martin County property records show Philadelphia Management's subsidiary, Estates of Stuart LLC, sold about 100 of the condos through April 19. But the pace has slowed dramatically since the first units changed hands last fall. While almost 30 condos sold in September, 12 closed in February and five closed in March, according to property records.

And prices at The Estates appear to be slipping. An ad posted this month on Craigslist, the online classifieds site, offers condos from $166,900 to $402,900, with incentives such as money toward closing costs and no homeowners association fees for a year.

McCabe said The Estates was the only complex he'd heard of that is renting and continuing to sell.

"It's a pretty smart approach, because that way they're keeping their units that aren't sold occupied and getting the revenue from them," he said. "Before, these condo converters, they just wanted to empty them out as quickly as they could."

A property manager at The Estates declined to comment, and executives with the Philadelphia-based owner did not return calls for comment. Representatives of Enclave at Delray Beach and Orchid Lakes also could not be reached for comment, but calls to their offices confirmed they are leasing units.

Brad Hunter, director of the South Florida division of the real estate data firm MetroStudy, said he thinks a majority of the condo conversions in the region ultimately will return to the market as rentals.

But he predicted that the trend is temporary and demand for condos will rebound.

"I think it's going to take some time to go through this adjustment - maybe it's a year, maybe it's a year and a half. Nobody knows for sure," he said. "It kind of depends on the psychology of home buyers."

Staff researcher Angelica Cortez contributed to this story.

- eve_samples@pbpost.com

GRAPHIC: PHOTO (5 C) & MAP (2 C)
1. RICHARD GRAULICH/Staff Photographer SAN MERANO AT MIRASOL: The Palm Beach Gardens complex has 476 units. After testing the condo market with an advertising campaign, the company decided late last year that renting would be more lucrative, said Mary Kay Willson, vice president of marketing for Kolter Communities LLC. 2. CHRIS MATULA/Staff Photographer THE ENCLAVE AT DELRAY BEACH: 'Everybody's trying to figure out a way to get residual income in real estate,' said Jack McCabe, chief executive of McCabe Research and Consulting. 3. BOB

SHANLEY/Staff Photographer ORCHID LAKES: The Boynton Beach complex is among those that have confirmed they are leasing units now. With condo sales slowing locally, the need for another source of revenue is pronounced. 4. RICHARD GRAULICH/Staff Photographer SAN MERANO: Kolter marketing Vice President Mary Kay Willson said the strategy to leave the complex as a rental 'was just a business decision.' 5. DAVID SPENCER/Staff Photographer THE ESTATES AT STUART: Stuart real estate broker Mike Morgan said he thinks the owner was forced to return to renting the 237-unit complex because the condos, priced at $185,000 and up, didn't sell as quickly as expected. TIM BRITTON/Staff Artist 6. Location of The Estates at Stuart. 7. Location of San Merano at Mirasol, Orchid Lakes, and Enclave at Delray Beach.

LOAD-DATE: May 3, 2006

Evidentiary Exhibit 2

1 of 1 DOCUMENT

Units

March 1, 2004

SECTION: No. 3, Vol. 28; Pg. 22; ISSN: 0744-1681

IAC-ACC-NO: 114697249

LENGTH: 2604 words

HEADLINE: **Apartment owners respond to consumer demand for real-time leasing:** like consumers shopping for plane tickets, books and flowers, residents look to the Internet to close a deal. Software companies are making this process easier as multifamily housing owners and managers test the waters, slowly.

BYLINE: Kreisler, B.

AUTHOR-ABSTRACT:

BODY:

In the apartment rental business, competition is tough. Renters are enticed into homeownership by very attractive interest rates, resulting in a glut of available units. And, if that isn't enough, companies are losing loyal renters to competitors who lure them with aggressive marketing to capture drive-by and other apartment seekers.

To respond, owners and management companies continue to explore how they can differentiate themselves. They seek clever and cost-effective ways to market their properties.

Some are finding that there is no better way than through the online revolution. The rationale is that if more and more consumers are using the Internet to shop, communicate and conduct business, then why not make it an option for renting an apartment.

Research showed that in 2002 three million people searched Internet apartment listing services, yet pricing and availability information offered online lagged several months.

Now, real-time, up-to-the-minute information about apartment availability is evolving for apartment firms and their prospective residents through the use of advanced software, This software, as well as other innovations in the works, could further reduce what is already low face-to-face time between prospect and leasing agent.

Take It or Leave it

"It is no secret that the apartment industry has not rushed to become Internet-friendly, but companies that use it see it for what it is--another way to capture prospective residents and streamline the leasing process." said Lisa Trosien, Apartment Expert.com.

Some companies are cautious to use this marketing strategy because of security concerns. They are uncomfortable about having the specific and personal information required to close a lease online available via the Internet.

But while there is still convincing to be done by software companies. some owners and managers have embraced online leasing.

"It comes down to what consumers want," said Steven Taraborelli, President of Sales and Marketing for United Dominion Realty Trust (UDRT), which has 265 communities in 19 states, all of which have been searchable and rentable in real time for the past year.

"[Consumers] are used to buying books, automobiles, flowers and candy online." said Taraborelli. "The acceptance of searching and reserving apartments is acceptable to a lot of consumers. We are just meeting those demands."

Given the focus that apartment management companies are placing on recruiting residents from the burgeoning 18-34 age group, doing business on the Internet seems to make even more sense.

How It Works

Increasingly, albeit slowly in some cases, apartment firms are realizing the potential of Internet-based leasing.

Until about a year ago, companies had only traditional options for marketing their communities:

* They would describe their individual properties on their company Web site.

* They might contract with one or more Internet listing services and pay a fee for each.

* And companies would advertise in newspaper classified ads, apartment rental magazines or other traditional outlets.

But none of these marketing methods provide specific information about actual unit availability.

Savvy consumers demand current information about apartment residence availability and pricing. They want to arrange site visits and apply for an apartment without making phone calls or swapping e-mails.

Realty Data Trust (RDT), a two-year-old Arizona-based computer technology company that develops marketing solutions for the multifamily housing industry was one of the earliest players in real-time, online leasing RDT unveiled its VaultWare software in 2002.

Its President, Michael Mueller, likened his company's technology to the online airline reservation process in which seats are taken off the market when they are paid for He described VaultWare as a central reservation system for the apartment industry.

With this technology, property' management companies call evolve from online brochures to virtual leasing agents. And in the case of VaultWare users, unit availability, rents and information about specials can be accessed from any site via RDT's distribution network, which includes the national Internet listing services used by most online apartment searchers.

When prospects visit UDRT's Web site www.udrt.com and click on the "Find An Apartment Home Fast" and "Click Here" links, they can check the availability of a unit, be prescreened for credit approval and get an Internet "special offer" if they rent online. They also can search for a residence by location and determine the amount of the rent being charged, number of bedrooms, bathrooms, square footage, the total number of residences within the community and the year it was built. They then can complete an application and submit it online.

RDT has relationships with resident screening companies such as Denver-based Registry-SafeRent, which enable it to conduct online credit reporting services so users can "incests the same service and scoring models that leasing professionals use onsite.

"The day of doing it all online is down the road a few years," Mueller said. "But this is a huge first step. There are still parts of the application process, like verifying employment or a prospect's previous residence, which can't be automated yet."

Brock MacLean, RealPage's Vice President of Sales/Property Management Systems, said online leasing "is a reality' in today's Internet marketing strategy."

According to Dan Haefner, Senior Vice President for Atlanta-based Lane Co., "Property management has historically been behind the curve technologically."

Haefner began using RealPage's OneSite Leasing Genie in late 2003. The Leasing Genie offers, among other advantages, nightly updates or real-time data entered by Lane.

The OneSite Genie software collects traffic source and personal data from prospects, which is critical when evaluating the value of the software. Online, prospects can generate a list of available units based on preferences or amenities they select, generate a quote sheet, reserve an apartment and pay the reservation fee, if one is required.

Simultaneously, the data is delivered on a "lead form" to the company's leasing agents. To lease online, there is a step-by-step application process, which includes the ability to gather credit card information if a reservation fee is required.

Measuring Cost and Value

The cost of online leasing software varies. RDT charges an annual licensing fee of $ 595 per community: RealPage charges $ 100 per marketing source for its OneSite Leasing Genie.

And because of online, real-time leasing's short history, there is no independent data measuring its value or satisfaction rate. However, studies conducted by some participating software companies show consumers' demands are being met.

Mueller validates his company's results based on the more than 10,000 reservations it processed for UDRT and Rochester, N.Y.-based Home Properties during the second half of 2003.

"We're in the early stages of real time leasing, and we are measuring the value proposition," said Lane's Haefner, whose company owns 10,000 units and manages another 18,000 units at 120 properties.

"We know there is value, but haven't been able to quantify it yet. We know more people use the Internet to locate and search apartments. It eliminates the geographic barriers, and it allows leasing to become a 24-7 operation. In the past, with traditional business hours, our onsite associates were going home as prospective residents were arriving."

Haefner said the software is more expensive than traditional property management software, but he said he is confident the benefit outweighs the additional cost.

"We believe it will ultimately reduce costs because we will have the ability to identify and measure marketing sources effectively. There are phenomenal reporting capabilities now available through this technology."

Lane's real-time leasing has been operating since fourth quarter 2003, and Haefner foresees it growing. He views it as a smart tool to increase the size of Lane's fee-managed operation.

"We committed to implement this product throughout our portfolio. The phased approach begins with the implementation of Leasing Genie to Lane's owned assets. We will analyze the value and document its success, which we will share with our fee-managed owners. Our goal is to differentiate ourselves from other fee management companies and show them we can provide additional value."

Eyeing the Hurdles

Industry watchers blame reluctance to real-time, online apartment reservations on the owner's tear of tipping their hand to competitors. By putting their apartment inventory on the Web for public information, they feel they could lose their edge, even though the software provides a filter for what is presented.

Another hurdle is that some apartment management companies use DOS-based systems. They believe they do not have the capability of using the latest technology. However, RDT's VaultWare works with any property management system and RealPage's OneSite Leasing Genie can be used by its Rent Roll customers. Still others are hung up because they are unable to make the financial investment.

Steve Radcliffe, Chief Operating Officer, Dominium Management Services, Plymouth, Minn., who owns and manages 15,000 units in 14 states, is not entirely convinced of the budding software's value.

"We've found that Europeans are very willing to rent site unseen," he said. "But for most prospective renters, it's not like buying a car, camera or DVD online. People still want to walk through an apartment and get a feel for it, but this may change."

RDT's Mueller disagrees. He said his clients' busiest day for reservations is Monday because prospects probably had looked at the property over the weekend and now want the convenience of applying online from their home or office.

From a management perspective, Radcliffe is worried about the risks related to disputed credit card purchases and the service fee costs. Yet, he said, "I welcome the day when renting an apartment is as easy as buying from amazon.com."

In the meantime, Dominium relies on a company-operated call center which uses toll-free numbers and a contractor who tracks the duration, wait time, source location and other information, mid handles credit and criminal checks online.

"The benefit of our call center is that when someone calls, they will always get a voice from Dominium who can provide the real-time information to a prospect," he said.

"This is still all industry which historically feels you have to walk through an [apartment home] before leasing," said Mueller.

Getting to Know Your Prospects

Steven Tataborelli, President of Sales and Marketing for United Dominion Realty Trust (UDRT), firmly believes the acceptance and use of real-time, online apartment reservations is an evolutionary process.

"In general," he said, "people are suspicious of providing personal information so there must be a trust factor that is built up. We think that will happen over time. Eventually, more people will be at ease with making online leasing transactions. If a management company isn't meeting the customers needs online, they are missing [leasing] opportunities."

Taraborelli said the ability to offer real-time availability and its related information gives his company a better look at prospective applicants. Potential residents who visit the UDRT site fill out a lead generation form online, whether or not they pay the $ 9.95 unit reservation fee.

He said this allows UDRT to collect valuable consumer information--name, address, e-mail address, telephone number--for strong, qualified prospects who have a propensity for closure.

"In essence, newspaper, television, radio and all other conventional advertising can't provide that lead generation functionality for us," he said. Tataborelli thinks that in two years, the online, real-time phenomenon will be so popular that companies will have dedicated Internet leasing staffs. At UDRT, real-time leasing is increasing every month and is expected to double in 2004, he said.

RELATED RELATED: Reservations about online reservations.

BY TODD KATLER

Rent.com has been analyzing the feasibility of online leasing and unit-specific availability for well over a year. It plans to launch an initiative this summer that will provide its renter customers with real-time unit availability, interfacing with all third-party vendors and property customers alike. Rent.com believes this additional data will improve the overall renting experience of prospective residents.

Online leasing is another story. True online leasing would require a central online reservations platform: and unfortunately that is not yet a reality. In order for an online reservations platform to serve prospective residents effectively, the following must first occur:

1. There must be a real reservation made. During the transaction process, an actual unit must be pulled from inventory and held available for a defined timeframe. Most of what Rent.com has seen is nothing more than a "request" for a reservation without even a deposit or deadline for converting the reservation to a lease. Online reservation platforms such as Sabre or Ticketmaster require a credit card and an agreement to transact. Currently, there is not an application in the multifamily housing industry that functions this way. Without a real reservation, situations can arise where a prospective resident believes they have reserved a unit only to find out later the unit is not available. This would be detrimental. Failing to meet a prospective resident's expectations (and technically breaking a promise) would seriously undermine a company's brand equity.

2. There would need to be a two-way data exchange between property customers and the central reservation repository. The data exchange would have to be engineered so as to occur in real time. A delay of even one day would be unacceptable.

This all comes down to focusing on what prospective residents desire and hold sacred in their buying experience. Renting an apartment--where one will live for generally six months to 18 months--is clearly quite different from renting an airline seat for a few hours or a hotel room for a few days. The reality is that online leasing will predominantly be used to close a prospect alter they have visited the community.

While a few might rent "sight unseen," the vast majority of renters won't make a leasing decision until they tour die actual unit. The real value for renters will be the ability to visit a property go home, and then go online to fill out the application and pay the security deposit--rather than having to return to the property.

Closing the loop and saving time is of ultimate value for both prospective residents and property management alike. The more the multifamily housing industry focuses on the renting experience, the better prospective residents and the industry are served. The faster online leasing becomes reality, the more success all industry organizations will have.

Todd Katler, CAS, is Vice President, Sales, for Rent.com. He is Chair of NAA's National Suppliers Council.

B. Kreisler, ImPrint LLC, is a consultant to the multifamily housing industry, providing public relations, communications and marketing strategies. She can be reached by calling 703/366-2861 or via e-mail at bkreisler@imprintllc.net.

IAC-CREATE-DATE: March 28, 2004

LOAD-DATE: March 30, 2004

Evidentiary Exhibit 3

2 of 3 DOCUMENTS

Knight Ridder/Tribune News Service
The Orange County Register

June 4, 2004, Friday

SECTION: BUSINESS AND FINANCIAL NEWS

KR-ACC-NO: K3069

LENGTH: 1548 words

HEADLINE: Whether **you're a renter or homeowner, there's help on the Web**

BYLINE: By Hang Nguyen

BODY:

Lists of apartments for rent. Demographics of the area where homes are for sale. Guides to buying foreclosed homes. Mortgage calculators.

The Internet offers that information and much more for consumers interested in real estate.

But if you punch "real estate" into the Google search engine, it returns more than 14 million hits. How to find the Web sites you can rely on?

With help from real estate experts, here's a selection of recommended sites, with an explanation of what's good and what's not so good about them:

APARTMENTS

Not only can renters surf for apartment leads, they can also find ratings for some complexes and sign up for new services online when they move into the apartment.

Apartmentratings.com: You're deciding whether to move into an apartment complex, and you wish you knew someone who could give you the lowdown on the place? This is the site for you.

Here, renters go online to say good and bad things about the communities where they live. They rank the complex's parking, maintenance, noise, safety and office staff, and even landlords pay attention.

"This is a scary one for our industry," said Lynn Klug, marketing director for Sares-Regis, a large landlord in Orange County, Calif.

But Web site users should be wary, because renters' comments aren't verified. "If nothing else, it provides for a few good laughs," said John Burns, real estate consultant in Irvine, Calif.

Aaocconnect.com lets new renters and homeowners change their address so their mail will be forwarded to the new location and sign up for telephone service, cable service and high-speed Internet access. The idea is to save people time from having to contact each company individually.

The vendors on the free site guarantee the lowest prices and consumers can compare the prices from as many as three companies. Depending on what area you live in, certain basic services aren't available for online sign-ups. People who use the site to sign up for services can return there to cancel when they leave.

Rent.com offers $100 back for shoppers who find their apartment on its Web site. This Web site, like many other rental Web sites, lets you know what kinds of apartments are in the area, and then you would have to contact the landlord to see what is available.

The search options are more advanced than some other sites. If you are a pet lover, you can narrow your search to find only places that will take dogs or cats. This is cool because some apartment Web sites aren't as specific _ they only mention policies about pets in general. You can search by type of parking (covered or detached) and location of the washer and dryer (inside the apartment or in a separate room).

Apartmentguide.com: You can search for apartments that offer disability access, short-term lease, furniture, dishwasher, microwave or balcony.

The searches produce a list of apartments in an easy-to-read chart that shows the number of bedrooms, price and city for each one. If you click on an apartment, you can find out the security deposit required, set up appointments to see the place or e-mail questions to the leasing office.

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FOR-SALE HOMES

Buyers can look for all types of homes online, get community statistics and be alerted when new homes go up for sale.

Homeseekers.com provides a wealth of information on new and resale homes and the neighborhoods they are in. In addition to a description and photo of a home, the site provides the information on the ZIP code's demographics; crime statistics; housing prices; family facts, like the number of singles and couples with children; education, like the number of area residents who have college degrees; economy, like unemployment rates; health, like the number of doctors in the area; and weather. This information is updated quarterly. Another advantage: You don't have to register to use the site. A slight downside: The only contact information is an e-mail address for the listing agent.

Realtor.com, which also allows you to search for homes without registering, gives you much less information on the property than homeseekers.com, but provides you with the listing agency and a telephone number.

Homegain.com: The cool feature here is that you can search for new homes by category: available now, under construction, or ready to build.

Catalisthomes.com will offer a new service within a week. Would-be buyers who just provide an e-mail address and a description of the home they want to buy will be alerted whenever a property that fits their parameters is added to the Multiple Listing Service. The e-mail alert comes with the listing agent's name and telephone number, even if the Realtor is not a CataList Homes agent. One drawback: CataList may not receive the new home listings until 24 hours after the information pops up on the MLS.

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CALCULATORS, ETC.

Find out what mortgage rates local banks are offering and calculate the monthly payment for different types of mortgages.

Bankrate.com: Select the mortgage you want, from a conforming loan to a jumbo loan to an adjustable-rate loan to a government low-income loan. The search produces a list of local banks, what rates they are offering, telephone numbers and links to the companies' Web sites.

If you are a serial refinancer and want to be on top of continually changing mortgage rates, you can choose to be alerted via e-mail when mortgage rates hit a certain level.

Calculators tell you how much house you can afford and your FICO score range _ a credit-rating number that lenders look at to determine what mortgage rate to offer you.

Also, if you are a renter, you can take a quick quiz that tells whether you would qualify for a mortgage and whether it would make sense financially for you to buy a home.

Decisionaide.com helps borrowers figure out whether they can afford a certain house. It also calculates and compares the monthly payments for five different types of loans.

If you are sitting on the fence about whether to refinance, there is a calculator for you. It tells you how much money you could save and when the monthly savings from refinancing would total the upfront costs of refinancing.

If you put down less than 20 percent and did not take out a second loan, this site will tell you how long you will have to pay mortgage insurance.

Don't know whether you are better off buying a home now with a small or no down payment or saving for a down payment first and buying later? There is a calculator for that, too.

The site also crunches numbers to help you decide whether to pay points, which each cost 1 percent of your mortgage balance, to reduce your mortgage rate.

Domania.com estimates how much property tax you'd have to pay in a newly purchased home. Just enter an address and pick a recently sold house that's most comparable to yours.

FORECLOSURES

These sites list foreclosed properties and homes at risk of foreclosure. Purchasers of foreclosed homes often get a 20 percent to 50 percent discount off market-rate prices.

Realtytrac.com offers information on two types of homes: properties subject to a notice of default, or NOD, and those with a notice of trustee sale, or NTS. You can search for these properties by city or ZIP code.

The NOD, the first step in a foreclosure process, is filed when a loan is in default. These properties aren't yet on the auction block. This Web site provides free information on these properties' square footage, number of bedrooms and baths, and an estimated loan balance. If you want to know whether the current owner will sell, you must pay a monthly subscription fee of $25 for the contact information.

The NTS is filed when borrowers don't pay what they owe within 90 days of the NOD filing. These homes are heading to public auction. The site's free information includes square footage, number of baths and bedrooms, minimum bid amount, and the date of the public sale. For further information on the auction, you must pay the monthly $25.

Bankhomesdirect.com: If the home doesn't sell at the foreclosure auction, the lender gets the home. It's then categorized as "real estate owned" by lender, or REO _ the last step of the foreclosure process. Lenders' contact information for these REO homes is available on this free site, which requires users to register.

GOVERNMENT DATA

Government data can help you select a real estate broker.

Dre.ca.gov: Real estate experts recommend that consumers log on to the Department of Real Estate Web site to look up the license status and background of any agent, broker or firm before they decide to do business with them.

For example, if a DRE licensee had a criminal conviction that is substantially related to real estate, the Web site would tell you that there has been disciplinary action against the person and, if so, will give you a code. To get further details about the disciplinary action, you can call the department and give them the code.

But the system isn't perfect. For example, in a spot check on a salesperson for a Santa Ana real estate company who had two federal convictions, the Web site listed no disciplinary actions.

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JOURNAL-CODE: OC

LOAD-DATE: June 4, 2004

Evidentiary Exhibit 4

1 of 1 DOCUMENT

PR Newswire US

May 11, 2006 Thursday 10:16 PM GMT

LENGTH: 871 words

HEADLINE: **Classified Ventures, LLC Announces Kevin Doyle as Senior Vice President and General Manager of Apartments.com**

DATELINE: CHICAGO May 11

BODY:

CHICAGO, May 11 /PRNewswire/ -- Classified Ventures, LLC, a strategic joint venture owned by six leading media companies, today announced the appointment of Kevin Doyle to Senior Vice President and **General Manager of Apartments.com.** A five-year veteran of Classified Ventures, Doyle has been serving as Vice President of Sales for Apartments.com. In his new position, Doyle will oversee all business operations of Apartments.com, the leading online rentals resource. Doyle assumes his new position from Tim Fagan, who was promoted in April to President of Classified Ventures' Real Estate division which operates HomeGain.com and Homescape.

(Photo: http://www.newscom.com/cgi-bin/prnh/20060511/CGTH081)

"Kevin Doyle has been instrumental to the growth of Apartments.com throughout his five years leading the sales team. This promotion will allow Kevin to utilize his leadership skills and strong business acumen to drive continued success at Apartments.com," said Dan Jauernig, Classified Ventures' President and Chief Executive Officer. Under the direction of Doyle, Apartments.com premium advertisers have grown from 8,000 to over 14,000 and revenues have increased five-fold. In addition, Kevin was instrumental in building a top-notch sales team consisting of more than 100 customer-centric employees located throughout the United States. "Under Kevin's management, Apartments.com will continue to focus on its core consumer and multifamily industry audiences to deliver successful, innovative products that help renters locate apartments and moving information and help property owners and managers lease apartments."

Apartments.com reported record-breaking visits and leads to customers during the first quarter of 2006. On average, thirty percent more leads are being sent to advertising properties this year than in 2005 and the figure continues to grow. Demonstrating its position as an industry leader, Apartments.com has exceeded its all-time record with more than one million leads being sent to advertisers in April.

"Apartments.com is the number one Internet listing subscription service in the rentals category. With nearly three million unique visitors in April, Apartments.com is positioned to have its most successful year ever in 2006," stated Kevin Doyle. "I am looking forward to leading the Apartments.com business and further distinguishing it as an unbeatable resource for advertisers and renters."

Doyle joined Apartments.com in 2001 following twelve years of sales and management experience at Chicago Tribune, Brassring.com and Headhunter.net. Previous accomplishments include creating the first-ever offline career fair for Yahoo! Careers and Headhunter.net, as well as contributing to the development of Silicon Prairie -- a high-tech magazine for IT professionals. Kevin is also a two-time winner of the Campbell Award, a Chicago Tribune top sales

honor. Kevin earned a bachelor's degree in economics from Notre Dame University. He is an active member of the National Multi Housing Council's Board of Directors.

About Classified Ventures

Classified Ventures is a strategic joint venture among six media companies, including Belo Corp. (NYSE:BLC), Gannett Co. Inc. (NYSE:GCI), Knight Ridder Inc. (NYSE:KRI), The McClatchy Co. (NYSE:MNI), Tribune Co. (NYSE:TRB) and The Washington Post Co. (NYSE:WPO), whose objectives are to collectively capitalize on the revenue growth in the online advertising categories of automotive, real estate, and rentals. To execute on its objectives, Classified Ventures has four leading businesses -- Apartments.com, Cars.com, HomeGain and Homescape.

About Apartments.com

Apartments.com is the most visited national apartment Internet listing subscription service distinguished by approximately three million rental listings from managed properties, newspaper classifieds and for-rent-by-owner units. Its personalized searches, highly visual ads featuring 360-degree virtual tours and professional photography, and comprehensive community listings, make it possible for in-market renters to access rental inventory from across town or across the country and make informed decisions quickly. The site's foundation of solid partnerships with the local newspaper and television station Web sites of more than 170 affiliates across the country includes the Chicago Tribune (http://www.chicagotribune.com/), The Washington Post (http://www.washingtonpost.com/) and the Los Angeles Times (http://www.latimes.com/). Apartments.com, a division of Chicago-based Classified Ventures, LLC, delivers highly qualified, ready-to-rent prospects to more than 14,000 trade customers, which increases closure rates and decreases the average cost of leasing an apartment. Apartments.com is the 2005 Webby Awards People's Voice winner, a tremendous honor that indicates the highest level of loyalty and commitment from its visitor base.

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http://www.apartments.com/

SOURCE Classified Ventures, LLC

URL: http://www.prnewswire.com

LOAD-DATE: May 12, 2006

Evidentiary Exhibit 5

1 of 1 DOCUMENT

The New Zealand Herald

March 8, 2006 Wednesday

SECTION: TECHNOLOGY; General

LENGTH: 368 words

HEADLINE: **Trade Me to target rental housing and jobs markets**

BODY:

Trade Me is about to attack the lucrative residential housing rental sector by downloading formatted listings from licensed property managers and posting thousands of flats and houses online. And its next frontier? Jobs.

After its $700 million sale to Fairfax was unveiled on Monday, Trade Me yesterday outlined a plan to further invade the real estate market.

Before the year's end, it will then mount a full assault on the jobs sector.

Business manager Mike O'Donnell said Trade Me had only 2000 rental property listings, most seeking flatmates. But within a fortnight, it would have developed software to allow it to automatically download thousands of fully formatted pages of rental listings from licensed property managers advertising properties to let.

The licensed agencies would "autofeed" the data, remotely supplying Trade Me with daily updates, he said, and providing massive potential for new business.

"I reckon we'll hit 5000 rentals within the first three months of launching and longer term I'd like to think we could hit 10,000," Mr O'Donnell said.

The business was still developing the technology to allow the rental data to go online but had already conquered the online house sales.

"At any one time there are about 50,000 houses for sale but by the end of this year we will have half of them. We passed 15,000 houses last week and will hit 25,000 houses by the end of this year," Mr O'Donnell said, adding the average sale was $478,000 and the sector provided Trade Me with annualised growth of 750 per cent.

Jobs would go online by the middle of this year but no data was being released on this sector's potential, Mr O'Donnell said.

Real Estate Institute president Howard Morley said he was not surprised by plans to list rental properties because the internet was already an important search tool in the sector.

"But there's nothing new about this," said Mr Morley. The institute's own web site, Realenz, and many licensed agents already had rental property data online, he said.

New Zealand has around 500,000 properties tenanted by more than 700,000 people, he said.

Mr O'Donnell also released data from ACNielsen yesterday showing Trade Me had topped the house sales business in less than a year.

LOAD-DATE: March 7, 2006

Evidentiary Exhibit 6

The Journal Record (Oklahoma City, OK)

February 16, 2006 Thursday

SECTION: COMMENTARY

LENGTH: 1206 words

HEADLINE: **Commentary: Oklahoma goes condo crazy**

BYLINE: Darren Currin

BODY:

There is a new epidemic spreading among Oklahoma developers and city leaders causing them to go "condo crazy." Over the past 18 months, condominium conversions and development have become buzz words in the industry with a handful of projects already under way and scores more planned to start construction within the year.

Prior to 2004, most condos in Oklahoma City and Tulsa represented a small percentage of the total multi-housing market and were limited to smaller properties consisting anywhere from 10 to 60 units in suburban areas of the cities. Now, condos are seen as a way to stimulate economic development by creating housing ownership alternatives in the urban areas of both cities.

"We have a combination of both condos and apartments coming into downtown (Oklahoma City), and certainly it seems for the first time we will turn a corner in downtown housing with ownership opportunities in a wide range of offerings," said Dave Lopez, president of Downtown OKC Inc. "That should make 2006 a real pivotal year."

Lopez said about 1,000 housing units are coming online in the Oklahoma City downtown area over the next 12 to 18 months, many of which will be for-sale condominiums. Projects slated for the downtown area in the next few years include The Hill at Bricktown, which will offer 171 town houses ranging in price from $200,000 to $475,000, and Block 42 consisting of 18 townhouses and 12 elevated flats. Costs will range from $160,000 to $485,000.

Kerr-McGee Corp. is also planning to convert three of its vacant buildings totaling 270,000 square feet into condos and penthouses in the next couple of years. The historic buildings located at Robinson and Robert S. Kerr avenues will result in at least 70 condominium units.

While Lopez admitted he would like to see all of these units come online immediately, he believed the staggered completions of these projects should result in a stronger absorption of these condos by residents.

"The pace of development is very important," he said. "I recently read about the Washington, D.C., condo market that created more supply than demand and it resulted in a two-year slump. That is not the case here. The slower pace we have is good."

Downtown Tulsa officials are also placing a strong emphasis on stimulating the development of condos. While Tulsa thus far has seen only for-rent apartment units be developed in such projects as The Renaissance Uptown, The Tribune Lofts and The Philtower Lofts at Fifth and Boston, Jim Norton, president of Downtown Tulsa Unlimited, said a number of condos are slated for downtown as a result of the city's $885 million Vision 2025 plan.

"We have $10 million in Vision 2025 that is supposed to be used in assisting residential development in downtown," explained Norton. "The city put out a request for proposals in August, and we received 10 responses in the first week of December."

In those proposals, Norton said about half of them call for for-rent projects while the other half are proposing condominiums that would be for sale. A task force appointed by Tulsa Mayor Bill LaFortune is currently reviewing the proposals with a decision expected in early March.

In addition to the condos that may result from the Vision 2025 plan, the two San Francisco investors that own 25 percent of the buildings in downtown Tulsa are also planning residential units in some of their properties. Maurice Kanbar and Henry Kaufman have previously stated they are planning to renovate several of their buildings into both apartments and condos.

"We think (downtown housing) is the most critical part of downtown development" added Norton.

The largest condo conversion project under way in the state is Gardner Tanenbaum's retrofit of the former Citizens Tower in Oklahoma City into The Classen condominiums at 2200 N. Classen Blvd. When completed in late 2006, The Classen will contain 80 high-rise luxury condominiums with prices ranging from $178,300 to $458,700 for penthouse units.

"Everything on the project is going great," said GiGi Faulkner, broker/owner of Re/Max First who is handling sales and marketing for The Classen. "They have been working on the infrastructure over the last several months and people will start to see big changes on the outside of the building in the coming months."

Faulkner also noted that initial interest by potential buyers in The Classen has been strong with several condos already under contract. She added that she expects sales to pick up significant pace once the building's fully furnished demo unit is open to the public on May 1.

"We have had interest from all across the board in terms of ages," added Faulkner. "We are finding people that want a downtown lifestyle coupled with low maintenance, and that fits a lot of different people."

The condo craze is even spreading beyond residential properties to multi-tenant office buildings as well. Precor Ruffin Properties LLC is in the process of renovating downtown Oklahoma City's 125 Park Avenue building into 5,000-square-foot office condos averaging $400,000 in price.

"We have received a lot of interest, especially from existing downtown tenants, who want to own property in downtown without having to own a large 50,000-square-foot building," said Rick Pritchett, broker for Precor Realty Advisors, who is handling sales for the building.

Since the project is proving successful, Pritchett said he expects to see additional office conversion projects in the downtown area in the next few years.

Mike Buhl, president of Commercial Realty Resources Inc., believed the condo conversion trend will not be seen out of the urban areas of both Oklahoma City and Tulsa because condos are usually successful only in niche areas like a downtown or a resort area, or in areas where homes are dramatically overpriced. As a result, Buhl does not expect many existing apartment complexes will be converted into condos in the suburban areas of both cities, except in some rare circumstances.

"Condos to me are successful where housing prices have risen substantially where it prices out first-time home buyers making condos a viable alternative to them," he explained.

Nationally, Oklahoma's condo market has not ranked high. Last year, the Wall Street Journal ranked Oklahoma City as one of the four "not-so-hot" condo markets having seen only a 18 percent increase in condo prices between 2000 and 2005 and a low median price of $68,250. However, developers and real estate analysts are quick to point out that once condos in The Classen and the other downtown projects start changing hands, the median price will see a significant increase.

Furthermore, Lopez and Norton noted recent housing studies commissioned for both Oklahoma City and Tulsa showed strong demand for downtown housing in the form of both apartments and condos.

"Our demand study showed that there was an immediate need for 600 for-sale units and at least 300 rental units," said Norton. "As these projects come online, the demand will increase."

Darren Currin is the vice president and research director for OKC Property Research LLC, an independent research and consulting firm specializing in Oklahoma City commercial real estate. He may be reached at (405) 491-6489, dcurrin@cox.net, or www.okcproperty.com.

LOAD-DATE: February 16, 2006

Evidentiary Exhibit 7

1 of 1 DOCUMENT

Multifamily Executive

July 15, 2005

LENGTH: 1924 words

HEADLINE: **Sight Unseen;**
Apartment Owners Debate the Merits of Pre-leasing New Units.

BYLINE: Les Shaver

BODY:

Open up the real estate section of any daily paper and you'll see the ads. They feature an attractive woman doing yoga with a promise of "Tranquility in the City," three twenty-somethings enjoying a gorgeous day outside, or a young couple relaxing in their modern living room.

These ads aren't really telling the reader about the condo. Instead they're selling a lifestyle. They're telling you that you'll be young, vibrant, and hip if you just spend $350,000 to buy a one-bedroom condo that hasn't even been built yet. And the strangest part? They work. Many condo developments in hot markets such as south Florida, Washington, D.C., and Southern California sell out in weeks, if not days.

Since condo developers can convince people to commit thousands of dollars to a unit in a building that hasn't even broken ground yet, it stands to reason that apartment firms could do the same. And, given the increasing size and density of multifamily buildings, a lease-up that starts in advance of a building's opening could save an apartment firm time and money by stabilizing the property faster.

So, using the Internet, animated tours, and other marketing strategies, couldn't renters be persuaded to lock in their next apartment as far as six months out, just like all these antsy condo buyers? Not everyone is so sure.

"One of the debates in rental is, 'How far in advance do I start leasing?'" says Dirk Herrman, senior vice president and chief marketing officer for AvalonBay Communities, an Alexandria, Va., apartment REIT that focuses on infill markets that often demand higher-density apartment properties because of high land costs. "We're trying to figure out how far in advance we can rent because we do want to get the leasing process going quickly."

A Small Window

In one respect, pre-leasing high-rises makes a lot of sense. While garden apartments remain relatively easy to open in phases, high rises aren't. "You can open floors, but staging a high-rise opening is hard," says Bruce Ward. "Getting COs [certificates of occupancy so people can move in] is real tricky. It's hard to get COs for just parts of buildings."

If you're opening a building at once, it would make sense that you want as many people to move in as soon as possible. It not only provides revenue, but it also creates a buzz. "It's better to open with 50 percent occupancy so people see activity," says Mark C. Cady, business development manager of Renderings.com, a company that provides developers with graphic leasing and sales tools. "Activity creates activity."

Despite these advantages, many companies don't think about pre-leasing earlier than a few months out. "Pre-leasing probably hasn't been as much of a focus as it should be," says Sarah Belter, director of recruiting and training with Sales Inc., a leasing company located in Atlanta. "Sometimes owners will want to wait because they want to have more of a product to show. We really push them to pre-lease to get the cash flow in sooner."

Not every company is waiting though. Lane Cos., an apartment owner and developer in Atlanta, likes to go into a new development with 20 percent or 25 percent of its units leased. To accomplish this, it sets up a model unit and a call center to handle inquiries from possible residents. The company likes to begin leasing four to six months out. "This works well in capturing interest from those watching construction progress," says Jared Miller, director of marketing for Lane. "We start out with Internet advertising and simple public relations to create a list of interested renters and then move into the other advertising mediums once the property is closer to accepting initial occupancy."

In one mid-rise, SummerWalk in Tampa, Lane pre-leased about four months out from an office located in an adjacent hotel. Though the market was challenging, the company pre leased 10 percent of the property without significant move-in incentives.

Others aren't so sure this is the way to go. "We are not spending a great deal of money in an effort to lease more than 60 to 90 days out," says Steve Patterson, CEO of ZOM, a multifamily developer and owner in Orlando, Fla. "We don't find it cost-effective. [Pre-leasing] more than 60 days in advance would probably require some sort of temporary office, which is costly."

And Patterson says the return on these costs isn't high enough to justify the investment. "People are not inclined to rent more than 60 to 90 days in advance, therefore the conversion rate is very low," he says.

Timing can also be an issue. "I don't think people would pre-lease more than three or four months out because it's too hard to pin down the dates," says Dave Woodard, managing partner and CEO with Laramar Communities, an apartment owner and manager in Greenwood Village, Colo. "Unit deliveries are almost always later than planned. You can tell people they're moving in on May 1. But then May 1 comes around and the building is not ready."

Herrman just thinks renters don't like long-term commitment. "The psychology of the renter is a little closer in," he says. "It's very difficult to pre-lease apartments in most situations unless I can come see it, and it's in a 30- to 60-day timeframe. As a renter, I'm not thinking about moving 30 to 60 days out." As a result, Herrman doesn't spend to staff a sales center too far in advance. "You obviously want to get those leases in early, but you don't want to start staffing until you can get those leases," he says.

Pushing the 'Net

But that doesn't mean apartment owners need to wait until the building is completed to begin their marketing efforts. As the story of Avalon at Chrystie Place shows, the Internet offers a cost-effective way to promote a property and keep in close contact with would-be residents. Using the Web, AvalonBay created serious buzz for this newly opened New York City property without spending big advertising dollars.

Located on Houston Street, where "SoHo meets the East Village," according to the company, the Chrystie Place property also included one of the country's largest Whole Foods supermarkets, an upscale chain that specializes in organic foods and complementary products. So, to take advantage of the foot and automobile traffic near the site, AvalonBay put a marketing banner in the windows, created special phone messages directing people to the property's Web site, and also instructed the construction team to give specific information to people who asked about the project. What did all these avenues have in common? They each directed people to the property's Web site: www.avalonchrystieplace.com.

Once an interested renter punched in the Web address, he or she could submit an e-mail address so they could be kept up-to-date with developments at Chrystie Place through an automated system at AvalonBay. "We created a mailbox to collect inquiries," Herrman explains. "We stripped out their e-mail addresses electronically and sent them an e-mail saying, 'It's almost time [for the apartments to open].' It's using technology that's fairly simple now."

The strategy generated more than 1,000 responses. "Our challenge is to ensure we went back through that list before we spent another dollar getting a lead," Herrman says. "We can get that fairly inexpensively through the Web with Web addresses and banners. If

I go to The New York Times, that's big money. I'd love to lease this without running any media. If I can maximize the Internet advertising, which has no cost other than developing the Web site, that's the way to go. It's managing the leads and the cost of those leads."

The company didn't stop there. As AvalonBay sent reminder e-mails to interested prospective residents, it also expanded the Chrystie Place Web site, adding photos of the buildings and other information about the property.

Of course, AvalonBay isn't the only one turning to the Web, although every company has their own agenda for their Internet efforts. "Web sites are helpful early, but primarily for creating mailing lists for later sales," ZOM's Patterson says. "We do this, but [we] do not create elaborate virtual tours as people will likely want to come see the property when it opens before they make a commitment."

Not everyone feels that way, though. Heather Campbell, vice president of communications and marketing for Archstone-Smith Trust, an apartment REIT based in Littleton, Colo., says that seven percent of their renters sign leases sight unseen. She expects this number to grow, but it won't be because of virtual tours and other fancy interactive technologies.

"Our feedback is that customers don't really find virtual tours useful," Campbell says. "They really want to know how big the rooms are. In our research, they go to floor plans. We thought they might want something fancier and experimented with programs where people can move furniture around and things like that. But, unless they're real techies, most people want to have a general idea of where their apartment is in relation to pool, trash, dumpster and parking entrance. Then they want to know what the room dimensions are."

Cool Tools

While Campbell and Patterson hold doubts about new Web technologies (like animation) others think there may be a place for these tools as long as they are affordable. Alliance Residential's Ward looked into virtual tours for his mid-rise product and estimates they'd cost between $10,000 and $15,000 per property. "We wouldn't need a lot of leases to make that up," he says. "Virtual tours are coming. Hopefully, we'll be implementing that soon."

For those interested in online interactivity, technology companies offer multifamily developers a host of options, including frontal elevations, interior renderings and 3-D floor plans, but virtual tours seem to be the showstopper. These unit tours (which can be available on the Internet, saved on a CD-ROM, or viewed at the sales center) show the kitchen, living room, and bedroom from a resident's perspective. The tours will often end on a balcony with a panoramic view of a city skyline or beach, if applicable to the property. "If you have something that's 20 stories tall in downtown Orlando, you want to show off that view," Cady of Renderings.com says. "People can't get in a crane and jump in an office tower downtown."

Tours can also take a renter or buyer through the building, starting out on the street, going through the lobby, the gyms, the pool deck, and maybe even the business center. While the tour will feature amenities, Cady says the real selling point is lifestyle. "They're imagining themselves in that setting and what it would feel like for them," he says.

Of course, the technology makes sense for condo developers, who have different financial expectations than apartment firms and need the sales edge that such tools provide. "They [condo developers] may need a 50 percent sellout before the bank will start giving them money," Cady says. "Funding is very different with rentals. We've only done a few apartments where they wanted to start pre-rentals ahead of time. It's a new concept and a lot of apartment developers haven't really jumped on the bandwagon with it."

But as would-be residents rely more and more on the Internet to explore their apartment options, that could change.

"There's a final step where a person looks at a living room, bedroom, and kitchen and says, 'I want to live here,'" he says. "The more you can get a person through that step, the easier it is to get a signed lease. Technology allows you to take a person through a building that hasn't been built yet."

GRAPHIC: EARLY ACTION: AvalonBay created a buzz at its Chrystie Place construction site with banners heralding its Web site., Courtesy SLCE Architects and ARQUITECTONICA
TALK IT UP: Sales centers, like this one at City Place in Santa Ana, Calif., can boost leasing before a property opens., Courtesy Style Interior Design

LOAD-DATE: July 1, 2006

Evidentiary Exhibit 8

1 of 1 DOCUMENT

San Francisco Chronicle

The San Francisco Chronicle

DECEMBER 12, 2004, SUNDAY, FINAL EDITION

SECTION: BUSINESS; Pg. C1; ON THE RECORD

LENGTH: 4063 words

HEADLINE: **On the Record: Bay Area real estate**

BODY:

Real estate is a major topic for the Bay Area. This is one of the most expensive housing markets in the nation, yet the past two years, stimulated by low mortgage interest rates, have seen record numbers of sales and prices increases. What is going on in the local real estate market?

To answer that, The Chronicle invited three experts to discuss the topic: Avram Goldman, president of Coldwell Banker Northern California Residential Real Estate, who heads the largest staff of real estate agents in the top half of the state; John Karevoll, senior analyst with DataQuick Information Systems, who has been gathering and parsing data on real estate for the La Jolla (San Diego County) company; and Ken Rosen, a UC Berkeley professor who specializes in the real estate market..

Q: Is there a real estate bubble?

Goldman: I don't believe in the bubble theory. I think there are cycles when real estate is very good, and then cycles when it corrects. It doesn't have to do with real estate. It has to do with more global issues, economic issues and other issues.

If you're looking currently, I don't see in the near future much of a bubble. We're looking at slowing of appreciation. That can happen because you cannot continue to go up double digits forever. It just doesn't work.

It's not a healthy situation for the market. Is there a bubble? Is there an impending bubble? No. I don't see an impending bubble. Will appreciation potentially slow? Yes. That could happen, but that's a good thing.

The market sometimes needs to pause and catch up and catch its breath. So if you look at the things that really drive the real estate market, you have interest rates which are still at 35-year lows. I think the biggest thing that's driving price today is lack of inventory. There are more buyers than there are houses to buy.

Q: What do the numbers tell us?

Karevoll: We just probably had the second-strongest October ever in the Bay Area, and prices continue to go up at about 18 percent. I'm missing the last three days of the calendar month for that. Except for the new peak there, it (the median price of a home) went up from $544,000 in September to what looks like will be $553,000. This is for resale houses.

A bubble means that a market has taken leave of its senses.

The buying activity there is fueled by the expectation of gain, and right now, as Avram said, what we're seeing is basically buying activity where people are putting roofs over their heads. You can't use the bubble criteria there.

As far as a correction goes, yes, especially when interest rates start to go up. The bubble thing just doesn't seem to be happening despite an enormous number of forecasts from near and far that said that it would happen.

The market does what it does. What did Ed Leamer of UCLA (director of its Anderson Forecast) say a couple of years ago? He said, "What are they smoking up there in the Bay Area?" He just couldn't make sense of the numbers here.

Rosen: I'm going to disagree with all of that. We call it a bubble, and that's the wrong word for Northern California. What we have happening here is extremely low interest rates, and easy credit has put a lot of new buyers in the market, and we don't have a lot of people cashing out and leaving the area.

I'm going to give you some economic numbers that indicate that there is a disconnect going on here. What's happening in the Bay Area is this: We have a deficit of home ownership, so people took advantage of the low interest rates and easy credit to become homeowners.

We have the lowest home ownership rate in the state. I believe it's 58 percent. Nationwide, it was 69 percent. So we have a deficit.

Let me give you the demographics and the job situation, which I think eventually will cause us a problem. We've lost 135,000 jobs the last three years in San Francisco. We've lost 175,000 in San Jose. In Oakland, we lost only 30,000, and we've actually gained 6,000 in the East Bay.

So the job situation would have said that this would be a very bad housing environment. Every time we've had a recession like this, with a run-up in prices, which we did have in the late 1990s, you would get a housing recession. But what offset that was the extraordinarily low interest rates.

Q: Where do you see things going in the next five years?

Goldman: I'll just go out three years. I don't know about five years. But given that interest rates don't rise beyond the 7 percent level, given that the deficit doesn't go up another 50 percent, I see pretty good things for the housing market.

Karevoll: There's some softening here and there, but it's still very strong. I do agree that other factors have offset the terrible economy. There have been extraordinarily low interest rates, easy credit and trade-up buyers having built up more money.

I'm worried about the Bay Area and California as a whole. The California Association of Realtors affordability numbers are 14 percent for San Francisco. Oakland is about the same. San Jose looks like it might be a hair better.

The problem with that is that's with very low interest rates. I'm thinking that if interest rates go up, it's out of control.

Q: If Bush raises the level of what the government can spend and borrow, will that affect interest rates?

Rosen: No. What really matters is the stock of debt and how much growth in the debt there is relative to the size of the economy and who holds the debt. So the deficit is going to go to 4 to 5 percent of GDP from 3.5 percent.

What's really the negative about it is who's holding it. It's being held by India, China, Hong Kong, Taiwan and Japan. We have a $550 billion trade deficit. They have to recycle the money. So what they're doing, so far, is buying Treasuries.

I think they're going to try to buy real estate pretty soon. So I would open a Coldwell Banker office in Hong Kong and Shanghai, and I think you'll recycle a lot of money over here because the Asian economies love the Bay Area.

Q: Will Bay Area prices decline?

Rosen: I think the Bay Area, because of this huge backlog we had, may take a longer time to unwind. I can't imagine with these affordability ratios that we won't see (more) slowing in the market over the next three years than we've had the last period of time.

It hasn't stopped yet. It's still red-hot. I think price declines are very possible, but that's where we disagree. It wouldn't shock me to see a price decline of 15 percent on average over a three- or five-year period.

Q: Have we ever seen house prices decline?

Karevoll: Yes. From 1990 to 1994, the Bay Area probably lost about 10 to 11 percent of its value.

Q: Are more homes bought as a short-term investment?

Karevoll: I think if there's speculation anywhere, it would be in the condominium area. There might be a little bit of it there, but the standard single-family house isn't speculation.

Q: Isn't there a sense of expectations of huge profits in the short-term?

Karevoll: I don't see that. I'll tell you where we saw it. We saw it in the late 1970s. We saw it in the late 1980s. We saw a little bit of it in the late 1990s, but I'm not seeing that now. These are homeowners. It's a whole different phenomenon.

Q: What did home-value appreciation average in the last three years in the Bay Area?

Karevoll: It's lower than you think. It's about 10 percent. Everyone's thinking it's doubling. It just isn't. It's much lower. We had the boom in the late 1990s in certain locations, including San Francisco. I think it was up 26 percent in one year, but 2001, 2002 and 2003 have been very modest.

Q: What is the flipping rate? What is the statistic that you look at to see what it is?

Karevoll: There's a whole bunch of definitions. The way we look at it is a percentage of sellers selling right now who have owned their homes for less than half a year. We've also done it for three months and 12 months. Right now, it's 3.8 percent at a half year or less.

We hit almost 5 percent back in the late 1980s.

Another element of flipping to me is absent ownership. In other words, are people buying homes to live there? That's a big part of it.

Q: What's that right now?

Karevoll: In the Bay Area, it's low. About 7 percent are buying homes they don't live in.

Q: Are there other short-term ownership patterns?

Karevoll: Parents are buying homes for kids. For example, at UC Berkeley, many parents come in and buy a condo for four years while their kids are there. So I don't know how much that plays into it. It may be 1 percent. I don't know.

Q: How do you see the supply constraint being solved?

Rosen: Remember 10 percent (price) increases a year. That's the real number -- not much bigger. It's very important to say that because we all think it's a much bigger number. We've seen givebacks in the rental market.

Rents have dropped 35, 40 percent. Vacancy rates are at just about their highest levels, (but) they're turning a little bit now, getting a little bit better. I think the main effect is there's been a reallocation of people from rental to home ownership. That's what's taken place. I don't think the building problem in the Bay Area is ever going to solve itself. We have a limited supply of land.

Q: Do fewer people in the Bay Area sell than in other areas?

Karevoll: We've got this churn rate, how fast (houses) turn over. Basically, the Bay Area is about the same as the rest of the state. California has always had a higher turnover rate than the rest of the country.

We just do more of everything here. We get divorced more often; we move more often; we get fired and get new jobs more often. Everything happens faster in California, and that's reflected in the length-of-ownership statistics.

One other thing about the market -- and this is one of those obscure little factors that's going to play a big part -- we have to remember that for every mortgage dollar being loaned out there right now, there are two waiting in the wings to be loaned.

All of these huge institutional investors look at investment just the same way everybody else does. They have pension fund money to invest; they have insurance fund money to invest. They're chasing securitized mortgages, and they have been now for the last four or five years.

Once the stock market kicks into gear, as it is doing right now, we're going to find that an awful lot of that money dries up, and that will also influence interest rates. There's not going to be as much money waiting in the wings out there as there is right now. That's going to be a huge factor

Q: Are credit standards get tighter?

Karevoll: Right now, (lenders) are making loans to people that they didn't used to make loans to, and it would be easy to conclude that that is because of looser underwriting criteria.

They have much better risk management information than they used to. They're able to make loans they didn't used to make because they are able to quantify how much more risky those loans are.

If you filed for bankruptcy, you wouldn't have been able to get a loan, a mortgage, five years ago, but you can today. They're making loans to multiple heads of households.

You've got to remember that you go back 30 years, they wouldn't use spousal income as a qualifying criteria. The thing is, the people who are out there on the edge, that have declared bankruptcy, they don't have a 5.5 percent, 30-year fixed rate mortgage. They get a 7.5 or 10 percent 30-year fixed rate mortgage because those loans are more risky.

Q: Where will interest rates be in the next year?

Karevoll: They will go up. It's just a matter of how far. A year from now, they could be 6.5, and they could be 8 and probably somewhere in between.

Goldman: I don't see interest rates in the next year going above low 7s, maximum.

Rosen: By the end of 2005, between 6.5 and 7 for a 30-year fixed rate mortgage.

Q: What percentage of people moving out of the Bay Area are homeowners versus renters?

Rosen: The vast majority are homeowners. It makes a lot of sense. Their house is now worth $1 million or $1.5 million. They can sell it, trade down, get the capital gains tax-free and pay no income tax in Nevada.

California has a crisis. The Bay Area's problem isn't housing as much as how do we create jobs? The housing factor could hurt because companies have to pay a lot more for their employees to live here.

Q: If trade-up buyers use the equity from their homes, where do first-time buyers get their money?

Rosen: They don't need a big down payment today -- very low down payments, creative financing. You can basically be qualified at a 2 percent rate on a deferred-interest mortgage.

Easy credit has most helped them. Wealthy buyers don't care about that. What percentage of buyers are first-time buyers? I want to say something like 30 percent, and it's eroding.

It's not that there aren't many of them. It's that the other side is so able to take advantage of this trade-up market.

Q: Is it just that rich people want to live here?

Rosen: Until two years ago, it got very affordable because prices hadn't moved up much, and interest rates had come down. So interest rates and easy credit were two main reasons along with the wealth effect -- people reallocating their money to housing rather than stocks.

For first-time buyers, it's always been tough. People are stretching. It used to be that you couldn't spend more than one-third of your income to buy a house. Now the criteria are stretched. It's 42 or 43 percent.

Goldman: And even higher, depending on the profession they're in. And the only deduction most Americans have is the interest rate deduction.

If you're a doctor, an attorney, or starting your career in the technology field, and you're making $250,000, you're hitting the alternative minimum tax, so you need some shelter. So your relative house cost is much less.

Q: One marketing tactic that seems prevalent in the Bay Area is underpricing -- setting the asking price very low to create a feeding frenzy. It might not be illegal, but it's unsavory. How do you justify that?

Goldman: It's what the market will pay. It's the consumers who decide what they want to do. We have sophisticated consumers. They read about strategies on people underpricing homes.

I have 2,400 agents. I can't be in every listing presentation, but I will tell you my people try to accurately determine a price range, and then it's up to the seller to say, "We'll go with that." (Underpricing) may be a strategy for some, but I don't see it overall as an industry trend.

Rosen: Also, it's a strategy that works only when the market is so red hot.

Q: Are there still multiple offers on most homes?

Goldman: In January, February and March, it was crazy. There just weren't enough properties on the market. It seemed every property had 8, 10, 12, 14, 44 offers. Right now, that's moderating. That's a positive thing. Houses with multiple offers are going for less over asking price.

There are exceptions, particularly on the Peninsula, where you have a scarcity of listings, like Burlingame, like Menlo Park. It's unbelievable that at entry level -- $700,000 in Burlingame -- you may have 20 offers because there are so many people want to get in there.

Rosen: Doesn't that sound sick when you think about it? But it's only because we have a lot of people with income and wealth.

Q: What percentage of homes are FSBOs, for sale by owner, transactions?

Karevoll: Right now it's just over 20 percent.

Q: Is that high compared with the rest of the state?

Karevoll: No, it's about the same. It goes higher during recession and low appreciation times, and it goes down when the market is hot. We've had a range from 17 to 25 percent of the market.

That part of the market has its own demographics. A lot of minority buying doesn't go through the (Multiple Listing Service). There are whole categories of people who sell homes themselves for various reasons: Either they don't trust real estate agents, or they view agents as taking cream off the top of the deal.

Q: For years, you forecasters have been talking about some kind of housing downturn. Why didn't they see the signals that the correction wasn't going to happen?

Rosen: It did happen in 2001 at the high end. But then (the Federal Reserve) lowered interest rates to the lowest levels in 50 years. So there are offsetting effects. No one could ever have thought we'd have a 1 percent short rate. After 9/11 and the Nasdaq crash (Federal Reserve Chairman Alan Greenspan) thought we would have had a recession. So he created a very shallow recession. Interest rates were a prime motivating factor offsetting that. I still think that if interest rates go back to normal and we get another recession for external causes, we will have a house price correction.

Q: What's the normal interest rate?

Rosen: A 7 percent (30-year fixed) mortgage rate.

Q: What's the likelihood of another recession in the next few years?

Rosen: A 30 percent chance. Last year it was less. I think it's rising. I think the election increases the chance of something going wrong in a three-year horizon -- probably in the next six months.

Energy prices are part of it, the Middle East is part of it. So interest rates can offset any phenomenon that we've had.

If we'd had normal interest rates in the last three years, which I thought we were, there's no question we would have had a house price correction.

It's important to say that in the last three years, we've had a sharp slowdown in appreciation in the Bay Area. That 10 percent number is important. It's not doubling, it's not 20 percent a year.

We've had a much lower rate of inflation in house prices in the Bay Area, giving incomes a chance to catch up, even though they haven't.

So am I wrong this time? I can say I'm personally betting on it. We have a hedge fund, and we're selling short all the home-builder stocks.

Q: But what about your prediction (of a housing correction) for the past three years?

Rosen: The rates are what's causing this to happen. We think it's creating a bubble in many markets but not the Bay Area. The Bay Area already had its bubble. But there is a bubble, and the bubble is bursting. In Las Vegas, in Orange County, in Miami and any place that's had a bubble price increase, there's going to be a substantial price correction

when rates return to normal, and the Fed is now signaling they're returning them to normal. So we know it's going to happen.

Q: There's so much data online helping people buy and sell. How does this growing influence change the business?

Goldman: California Association of Realtors has done a study on the Internet and buyers and (found that) they're very interesting people versus traditional buyers who call on an ad from The Chronicle or another source.

Internet buyers are usually better educated. They have higher incomes. They actually spend less time looking for a house. They're better informed. I see the Internet as a real positive for the industry. In terms of other real estate models like ZipRealty, it's just another model. It remains to be seen whether that model survives.

Q: What have the Internet and online brokerages done to commissions?

Goldman: I'm speaking only from my view, but I think there are other things that have done things for commissions, and I think part of it is your paper. But letting people know there are alternative commission structures, that's fine.

People want certain things. Not everyone drives a Hyundai. It's got four wheels, it's got seats, it gets you where you want to go and it gets good gas mileage.

But some people prefer a BMW, a Mercedes, something else. In real estate, some people want more services. Other people want less services. I think that's a good thing, not a bad thing. I think you just have to know what segment of the market you're going to work with.

Q: Are you saying that commissions are negotiable, that they're not fixed at 6 percent?

Goldman: Commissions are negotiable. They could be 8 percent, and sometimes they are. Have commissions gone down over time? They have, but that's because some people have chosen to take advantage of a different kind of real estate service. I think it's really up to the consumer to decide what they want.

But in the state of California, this is a very complex transaction. If you don't do things in the proper manner, there are some pretty drastic consequences.

Q: What's the median home price in the Bay Area going to be in two years?

Karevoll: It'll be $620,000 to $650,000 at least.

Goldman: I would agree with that. It's very, very hard to project, just because of interest rates and all the things we've talked about before. But given all the things in place, values could rise 5 to 10 percent a year.

Rosen: I'd say $600,000 in the base case, and if we get another recession, something different than that.

Q: Something lower?

Rosen: Lower. The snapshot as you heard is that it's very strong right now. The fact that it's softening in the last two months in a lot of places around the country without interest rates going up tells me something is happening.

AVRAM GOLDMAN, COLDWELL BANKER

I dont believe in the bubble theory. I think there are cycles when real estate isvery good, and then cycles when it corrects.

KEN ROSEN, UC BERKELEY

Whats happening in the Bay Area is we have a deficit of home ownership, and sopeople took advantage of the low interest rates and easy credit to become homeowners.

JOHN KAREVOLL, DATAQUICK

What were seeing is basically buying activity where people are putting roofsover their heads. You cant use the bubble criteria there.

The relentless rise of Bay Area home prices

Strong demand, along with low interest rates, is helping keep Bay Area home prices aloft. The median home price for the nine Bay Area counties overall reached a record high of $552,000 in October - slightly above the previous record of $549,000 set in August.

Figures shown here are the median price of single-family detached houses in each of the nine Bay Area counties in October, along with the percentage change from October 2003.

BY COUNTY

NAPA

$510,000

+22.9%

.

SOLANO

$393,000

+26.0%

.

CONTRA COSTA

$470,000

+18.7%

.

ALAMEDA

$530,000

+21.0%

.

SANTA CLARA

$600,000

+15.4%

.

SAN MATEO

$703,000

+19.2%

.

SAN FRANCISCO

$720,000

+20.0%

.

MARIN

$790,000

+19.7%

.

SONOMA

$496,000

+22.5%.

BAY AREA

TOTAL

$552,000

+18.5%

.

BY YEAR

Annual median price of single-family detached houses in the nine-county Bay Area:

1995 $227,000

1996 $234,000

1997 $254,000

1998 $274,000

1999 $302,000

2000 $364,000

2001 $386,000

2002 $422,000

2003 $455,000

2004 $527,000

(through October).

Todd Trumbull / The Chronicle.

Source: DataQuick Information Systems

Briefcase

Avram Goldman

Age: 57

Job: President and chief operating officer, Coldwell Banker Northern California

College: UC Berkeley, graduated Phi Beta Kappa

Board affiliations: National director of the National Association of Realtors; Habitat for Humanity, Humanitarian of the Year; San Francisco and Contra Costa associations of Realtors

Family: He lives in the Rockridge area of Oakland with his wife and three daughters.

John Karevoll

Age: 53

Job: Analyst

College: Volda College in Norway

Family: He lives with his wife and two sons in Running Springs (San Bernardino County).

Ken Rosen

Age: 56

Job: Chairman and professor at the Fisher Center for Real Estate and Urban Economics, UC Berkeley

College: Doctorate in economics from MIT

Family: Not providedParticipating in this interview were Business Editor Ken Howe; Deputy Business Editor Alan T. Saracevic; Real Estate Editor Richard Paoli; Assistant Real Estate Editor Bill Burnett; reporters Dan Fost, Dan Levy, Jenny Strasburg and Kelly Zito; SFGate.com columnist Carol Lloyd; and editorial assistant Steve Corder.

GRAPHIC: PHOTO (4): GRAPHIC, (1-3) / Photos by Liz Hafalia / The Chronicle, (4) The real estate experts are (from left) Ken Rosen of UC Berkeley, Avram Goldman of Coldwell Banker and John Karevoll of DataQuick. / Liz Hafalia / The Chronicle

LOAD-DATE: December 12, 2004

Evidentiary Exhibit 9

Multi-Housing News

December 1, 2004

SECTION: ONLINE DISPLAY; In-depth features

LENGTH: 2197 words

HEADLINE: **Industry Leaders Assess 2004--and Offer Insight on Next Year**

SOURCE: Print

HIGHLIGHT:
Year-in-Review: 2004's Top Trends (and a Peak at What 2005 Has in Store)

BODY:

What were the key issues and opportunities in the multi-housing industry this year? What challenges and changes will 2005 bring? To find out, we asked fourteen of some of the industry's most insightful and far-seeing executives to assess the biggest events of the past 12 months--and to make some predictions about what to expect over the next 12 in such areas as development, design, investment, property management and more.

ARCHITECTURE & DESIGN* GOVERNMENT AFFAIRS* AFFORDABLE HOUSING* FINANCE

<HR width="100%"/><a name="1"/>**ARCHITECTURE & DESIGN**

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Bob Koch, President, Fugleberg Koch Architects

Two forces have especially impacted the design of multifamily housing over the past year: the elevated focus on for-sale over rental product; and the impact of Traditional Neighborhood Development (TND) principles adapted to the building design of independent projects (apart from TND communities where such principles are mandated).

New rental projects (particularly on suburban applications) have elevated their condo-convertibility index by considering quality finish and construction standards, together with design approaches that emphasize durability and resident individuality as a development distinction.

And a focus on more desirable and more expensive sites (infill and barrier-to-entry tracts such as waterfront, golf view and address-valued locations) precipitated more intense and commercial-grade executions with proportionately higher pricing objectives.

The TND design influence saw the movement to heterogeneous vs. homogeneous executions. Project expressions saw greater variety in plan, elective feature, varied product type and exterior presentations that reinforced the impression of a collective village rather than a monolithic project.

Developments also strengthened their integration of rental and for-sale inventory within common campuses, using the for-sale product to advance recovery of higher land costs while validating the value of the rental alternative.

As we enter the next year, the twin pressures of material pricing increases and a labor shortage in most communities are reinvigorating the opportunities of manufactured solutions as time- and cost-viable options. Combined with this, a movement to national building standards through unified code legislation has re-opened the potential for construction to move from just parochial applications to manufactured and delivered approaches that allow for greater off-site fabrication reliance.

Particularly in locations where conventional construction has seen double-digit inflation in both material and labor pricing, modular, component and prefabricated systems are under re-inspection. Selected projects currently underway are offering test cases that will provoke reconsideration of these alternatives once made difficult by barriers of codes, unions, and construction traditions.

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Ed Hord, Principal, Hord Coplan Macht Chair, AIA's Housing Committee

A key trend in 2004 was developers' sustained interest in building infill rental communities in major urban markets. The most successful projects weave buildings into the existing fabric while enhancing the neighborhood through vibrant streetscapes that enable retail elements to thrive.

Lively first floors with awnings, wide sidewalks, benches and potted plants not only create curb appeal, they provide common areas for the building's residents and the neighborhood as a whole. Strong designs have upper floors that harmonize with adjacent structures while offering balconies and large windows. To maximize space, floor plans include open living rooms, dining rooms and kitchens, as well as flex areas that can extend the living room or be partitioned for an office or second bedroom.

In 2004, we also saw a growing interest in active adult rental communities for residents who are 55 and older. The strongest projects fulfill residents' desire for activity, convenience and entertainment.

Top complexes feature onsite jogging paths, putting greens, spas, theaters, billiard rooms and greenhouses. Location is essential, since no project can afford to deliver all the amenities active adults crave. Scrap the notion that all seniors are looking to downsize. Some active adult developments have units as large as 2,400 square feet with a deluxe master bedroom and bathroom as well as a second bedroom and bathroom. Spacious living and dining rooms are a must for home entertaining.

In 2005, we'll see more owners tapping into this opportunity with the active adult market. Urban infill will also continue, and trouble-free sites will become more and more difficult to find. This means developers and their architect partners will have to be increasingly creative to address zoning requirements, the needs of prospective tenant and the concerns of the surrounding community.

<HR width="100%"/><a name="2"/>**GOVERNMENT AFFAIRS**

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Jim Arbury, Senior Vice President of Government Affairs, National Multi Housing Council

On the government affairs front, the biggest story in 2004 was the effort by the Bush administration to advance single-family homeownership, whether through the zero downpayment initiative, seeking to make private mortgage insurance (PMI) tax deductible or proposing setting up a fund for the development of single-family houses for people who might not otherwise be able to afford them.

Thankfully, none of these efforts came to fruition in 2004. Programs designed to entice people to buy houses who probably shouldn't, or who can't really afford one, are not good for the economy.

These initiatives will remain big issues next year, and there could be an adverse affect on the multi-housing industry in 2005 and beyond if all of these expansions of legislative goodies for single-family housing are enacted into law. It is estimated that as many as 50,000 to 100,000 people could move from renting to homeownership as a result of the zero downpayment initiative, for example.

Another big issue in 2005 will center around the funding of the Section 8 housing choice voucher program. The administration is trying to reduce the total dollars involved and to revamp the approach to allocating dollars into block grants given to the states.

The biggest problem for our members is the uncertainty surrounding Section 8 funding. The more uncertainty there is, the harder it becomes for owners to participate in the program at a time when more residents than ever need the vouchers.

<HR width="100%"/><a name="3"/>**AFFORDABLE HOUSING**

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Sheila Crowley, President, National Low Income Housing Coalition

Future housing policy historians will mark 2004 as the time when the 30-year bipartisan commitment to the housing voucher program unraveled. As the 2004 legislative year, the 108th Congress and the first Bush term in the White House come to a close, we are surveying the wreckage of repeated assaults on the program by the Bush administration.

The effect of these actions has been to undermine the housing stability of the two million American households for whom a housing voucher means the difference between having a home they can afford and being on the brink of homelessness.

In February of this year, the president sent his proposed FY 2005 budget to the Hill, which included a $1.6 billion cut to the housing voucher program; the administration also proposed the Flexible Voucher Program which would block grant voucher funds to the states. In April, HUD released the voucher funding formula for FY 2004 that left many voucher administrators without enough funds to carry out their programs.

The good news is that it could have been worse. Congress declined to adopt the Flexible Voucher Program and gave the voucher program $1 billion more in the FY 2005 budget than the president requested. The advocacy campaign mounted to protect the voucher program made sure that every member of Congress knew the consequences to the communities they represent if their low-income constituents lost their housing assistance.

Unfortunately, salvaging the voucher program means cuts to most of the other federal housing programs. Renewed legislative and regulatory actions to cut the cost of the voucher program are expected in 2005.

The tragedy is that the voucher program had become increasingly successful in solving serious housing problems. Developers and lenders have grown more comfortable with figuring vouchers into determining the financial viability of new multifamily housing, thus increasing the supply of housing affordable to those most in need.

By creating chaos and uncertainty, HUD is assuring that developers, lenders and landlords will make the logical business decision that housing vouchers are unreliable, thus making the shortage of affordable housing even worse.

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James Spound, Managing Director and Head of Affordable Debt Products, CharterMac

The biggest challenge to affordable housing this past year was the dramatically escalating cost of purchasing properties for rehabilitation into affordable housing as cap rates on multifamily acquisitions hit record lows.

Partially mitigating high purchase costs, however, were low interest rates on tax-exempt bonds and record prices paid for tax-credit equity. Both of these factors enabled developers to raise more financing proceeds and complete transactions.

In many areas, B and C market-rate properties continued to provide excellent affordable housing prospects. By renovating and financing these types of properties with tax-exempt bonds with credit equity, our developer clients were able to transform deteriorating properties into quality housing with a very solid existing tenant base

As for challenges to new construction in 2004, many construction material costs escalated dramatically, including wood and asphalt prices. Helping mitigate those high costs were some innovative structuring techniques, including using floating-rate debt during the construction period to lower financing costs, resulting in big savings to developers. By the latter part of the year, construction costs stabilized, and it appears that the worst has passed.

As for 2005, we expect many multifamily markets to improve and that will help the feasibility of affordable housing transactions. Together with moderate rates and stabilizing construction costs, it should be easier to finance affordable housing in 2005.

<HR width="100%"/><a name="4"/>**FINANCE**

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John G. Caulfield, Senior Vice President, Capital Markets & National Sales, Arbor Commercial Mortgage

In 2004, commercial real estate property owners faced a combination of economic factors that created a "perfect storm." Multifamily borrowers attempted to refinance to capitalize on the favorable appraisal comps of recent transactions in the industry.

However, this strategy quickly collapsed as sellers discovered the market was not willing to bear these higher perceived property values. In fact, the market made it quite clear they believed purchasers were overpaying on the acquisitions side. Many investors shared that sentiment as they refrained from acquiring new properties, as they too, favored the notion that the lion's share of potential real estate investments was overvalued.

In addition, multifamily property owners also confronted the fallout of a dragging economy, as they experienced rising vacancy rates in their properties.

Although a number of landlords experienced increased expenses from rising fuel prices, they were unable to pass these costs onto tenants in the form of higher rent. As a result, this critical lack of cash flow restricted property owners from attaining the capital necessary to acquire additional properties.

In 2005, the industry will experience little change. Lenders should not anticipate an immediate return on their dollars. However, this should not prevent them from pursuing attractive finance opportunities. That is, lenders need to look at the longer-term returns they will achieve over the next few years.

In 1995, multifamily finance experienced a boom before the bubble burst in 1998. In the coming year, many multifamily property owners will be looking to refinance and lenders should anticipate seeing the first leg of that boom come due. That should create some valuable opportunities.

The Top News Stories of 2004

*Condo-conversion craze sweeps the country.

*White House backs many single-family homeownership initiatives for low-income families.

*Cap rates sink to near-record lows in many markets.

*National Academy of Sciences report finds no evidence that mold causes serious illness.

*Interest rates creep up, but capital remains cheap, available.

*Slow, but sure recovery starts.

*Major banks acquire smaller players with GSE lending licenses.

*Building-materials costs soar.

*Growing number of residents looking to lease, review apartments online.

*Student housing: Hot niche.

*New Markets Tax Credits begin to make a difference.

*Migration to online PMS systems continues apace.

LOAD-DATE: December 15, 2004

Evidentiary Exhibit 10

Watertown Daily Times

October 11, 2004, Monday

KR-ACC-NO: WE-HOME-SALES-20041011

LENGTH: 977 words

HEADLINE: **Home sales hot in Gouverneur, N.Y.**

BYLINE: By Martha Ellen

BODY:

GOUVERNEUR, N.Y. -- Housing sales and rentals are booming here because of the Fort Drum expansion.

"It's the best I've seen in 33 years," said St. Lawrence County Legislator William E. Lacy, R-Gouverneur, a partner in Lacy Realty. "We're being discovered."

Most of the 5,000 additional soldiers coming to Fort Drum and their dependents will arrive by next spring. More than 2,000 military members have come since May. The flood of personnel has saturated housing around the base, sending troops farther afield to find homes.

Mr. Lacy's agency used to sell one or two homes a year to members of the military. In recent months, they have made up at least 10 percent of his customers.

Housing sales were brisk even before the additional troops began arriving.

Lacy Realty finalized 66 sales last year, a busier season than usual because of low interest rates. This year, the agency has already closed 53 property sales and has 29 in the hopper.

"That's a lot for a small agency. The market has been very hot," said Penny L. Bogardus, Mr. Lacy's partner. "We have more pending sales now than at any one point in the past."

Last week, Lacy Realty had 46 of 1,016 properties available on the county's multiple listing service, approximately 4.5 percent of the market. It had 10.7 percent of the pending sales.

"That shows we're selling twice what we should be, based on inventory," Mr. Lacy said. "If there are people who have been sitting around and thinking of selling their house in the next year or two, now's the time."

Cathy L. and James B. Weber, a sergeant first class, had lived in military housing in Gouverneur for three years before they decided to buy a house this summer.

"At the time, it was because of low interest rates. Mainly, we wanted to get out more into the community," Mrs. Weber said. "We had been talking seriously about it for six months. I'm glad we snapped it up before other people started looking."

Sgt. Weber was in Iraq, but that didn't stop him from house-hunting.

"My husband would pick out places on the Internet," Mrs. Weber said. "He didn't see the house we bought before we had actually moved in."

The couple paid $ 85,900 for a house on Clinton Street and closed on the deal Aug. 11.Mrs. Weber's birthday was Aug. 12, a day made more special when her husband showed up as a surprise with a two-week leave.

The 32-mile trip to Fort Drum from Gouverneur is a disadvantage, but the distance gives her husband a part of his life that is separate from the military, Mrs. Weber said. An Ogdensburg native with many relatives in the area, Sgt. Weber hopes to retire in a few years, Mrs. Weber said.

Many potential buyers from out of state are using the Internet to target homes they want to view once they arrive, Mr. Lacy said.

A military member from Virginia made an oral commitment to buy a house listed in the $ 80,000 range if reality matched the Internet pictures, Mr. Lacy said.

"He thinks that because it's $ 80,000 it's got to be a dump, but in Gouverneur, it's a great house," Mr. Lacy said. "We have the lowest prices in the Northeastern United States."

The price paid for houses is rising.

Town Supervisor Donald A. Peck, a real estate salesman for Byrns Realty, recently sold a four-bedroom house on East Main Street that was on the market for 45 days for $ 80,000.

"It was assessed in the high 30s. Houses that were assessed at $ 50,000 to $ 60,000 are bringing $ 130,000," he said. "That's why we're doing a reval."

Rents are also moving upward.

Apartments that previously rented for $ 400 to $ 450 per month are going for $ 500 to $ 600 per month. Rental houses have gone from between $ 500 and $ 600 per month up to $ 800 per month, Mr. Peck said.

"I don't think people are evicting tenants to get more rent. I haven't heard that," he said. "I think it's the ones that were vacant that have gone up."

The spinoff from the housing bonanza could have a larger economic impact.

The town will benefit from mortgage taxes and Gouverneur Central School could have an enrollment surge, Mr. Lacy said. He's hoping the population increase will stimulate jobs for residents and others who want to return home.

The crunch for living quarters also could breathe life into other developments, including two off-post federal Section 801 off-post housing complexes.

"A lot of it had been empty when everyone started to deploy. A lot of the wives left," Mrs. Weber said. "Before we moved out, it was starting to fill up fast. Within two weeks of our leaving, our apartment was full."

The Section 801 developments were built by private developers who signed leases with the Army that begin to expire in 2008. The Army has developed the Residential Communities Initiative, which will build or renovate more than 3,000 homes on post by the end of 2011.

Officials in communities with Section 801 developments have feared that the expiration of the leases will mean abandoned complexes. But the new on-base housing won't absorb all of the troops moving to the area, leaving the Section 801 apartments available for continued military occupancy, Mr. Lacy said.

"I think now there's salvation," he said.

Mr. Peck said he has spoken with both developers of Section 801 housing in Gouverneur, who want to keep them open, perhaps through short-term leases, for the military.

"I don't think they're going to walk away from them, which is a good thing," he said.

Quarry Lanes, a 40-apartment housing complex owned by the nonprofit Cambray Housing, historically has had trouble filling 10 of its units because they aren't income-subsidized.

"I think they will fill up with military," Mr. Peck said.

JOURNAL-CODE: WE

LOAD-DATE: October 12, 2004

Evidentiary Exhibit 11

1 of 1 DOCUMENT

Units

July 1, 2004

SECTION: No. 07, Vol. 28; Pg. 14; ISSN: 0744-1681

IAC-ACC-NO: 119951656

LENGTH: 319 words

HEADLINE: **Blue Moon Software integrates with VaultWare for access to online rental applications:** Blue Moon Software announced in May its ability to target its online rental application forms to those prospective residents who are most likely to lease and transact online by integrating with the VaultWare reservation system; Industry Insider

AUTHOR-ABSTRACT:
THIS IS THE FULL TEXT: COPYRIGHT 2004 National Apartment Association Subscription: $ 18.00 per year. Published monthly. 201 N. Union St. #200, Alexandria, VA 22314.

BODY:

Prospects who have viewed real-time apartment information (such as date available, rent, amenities and specials) and requested to reserve or even self-screened for a specific apartment online, can now proceed to the next step in the online leasing process by completing a rental application.

VaultWare, developed by Realty DataTrust (RDT), processes thousands of reservation requests monthly from the major, national Internet Listing Services and client dedicated Web sites.

"Consumers who reserve an apartment online have proven they are willing, and probably prefer, to transact online. This is the ideal audience for the online rental application and when better to present it to them than at the point of sale," said Mike Mueller, CEO of RDT.

With a valid VaultWare license, properties using either the Web-based or Windows-based versions of the lease forms software developed by Blue Moon can use their existing accounts by making a few entries into their VaultWare product settings.

Information entered by the applicant while making a reservation on the VaultWare powered Web pages is seamlessly pre-populated into the appropriate fields on the rental application once the applicant elects to complete the form.

United Dominion Realty Trust (UDRT) is the first REIT to offer the integrated solution. "Adding the official NAA rental application directly into the industry reservation system provides online users with unmatched convenience and improves the odds of the lease application being filled out online which saves our leasing managers valuable time," said Steve Taraborelli, Vice President of Sales and Marketing for UDRT. "This offering brings us one step closer to an end-to-end online leasing solution."

For information about Blue Moon lease forms, contact sales@bluemoon.com or 800/772-1004. For information about VaultWare, contact sales@vaultware.com or 480/905-3670.

IAC-CREATE-DATE: July 29, 2004

LOAD-DATE: July 31, 2004

Evidentiary Exhibit 12

1 of 290 DOCUMENTS

Canada NewsWire

September 6, 2006 Wednesday 11:38 AM Eastern Time

DISTRIBUTION: Attention Lifestyle Editors

LENGTH: 542 words

HEADLINE: LiveDeal.ca Rolls Out Welcome Mat for Fall **Renters**;
Fast Growing Classifieds Site Provides a Free, Fast and Simple Way to Find Available **Rental** Inventory including Houses, **Condos,** Apartments and Commercial Pr operties

DATELINE: TORONTO Sept. 6

BODY:

LiveDeal.ca (www.livedeal.ca), one of the nation's fastest growing local **online** classifieds sites, reminds fall **renters** to click on LiveDeal.ca to find a long list of **rental** listings right in the neighbourhood where they want to live. In a matter of minutes, prospective **renters** can find detailed property descriptions and photos of available apartments, **condos,** houses and commercial properties on LiveDeal.ca at no cost.

"**Renters** today expect an **online** complement to traditional **real estate** classifieds because it's faster, more accessible and more searchable, and LiveDeal.ca's robust local listings are exactly what they're looking for," said Simon Jennings, LiveDeal Canada's General Manager. "LiveDeal.ca provides **renters** with unlimited text and photo options for each listing, which are all assets in helping choose their next residence."

The process of searching for property on LiveDeal.ca is fast and easy for **renters.** They can browse listings by city/province or postal code and will be shown properties within a 40-kilometre radius of their search entry. LiveDeal's easy filter feature enables **renters** to narrow down the listings to exactly the number of bedrooms, bathrooms, price range and location that they are looking for. **Renters** can also take advantage of LiveDeal.ca's email alerts system, which will notify them when new **rental** listings have been posted on the site.

In addition, landlords and **rental** agencies can leverage LiveDeal.ca as an efficient forum for marketing their properties. To begin posting properties on LiveDeal.ca, landlords simply log on to the site and complete a quick registration form. They can then upload detailed postings and photos to the site at no cost, in just a matter of minutes.

Launched in January of 2006, LiveDeal.ca has quickly become one of the nation's leading free **online** classifieds sites. Because LiveDeal.ca is searchable by city, province or postal code, it's a great tool for connecting buyers and sellers (or **renters** and landlords) in their local community.

In addition to its proprietary website, LiveDeal.ca also powers the **online** classified sites of the Toronto Star, The Hamilton Spectator, The Record, the Guelph Mercury and the Gesca newspaper group. For more information on LiveDeal.ca, visit www.livedeal.ca. Note to editors: experts from LiveDeal are available for interviews.

About LiveDeal.ca

With its free listings and broad selection, LiveDeal.ca is ideal for trading hard-to-ship items such as automobiles, furniture, pets, appliances, **real estate** and other "try before you buy" items. Buyers can browse or search for items using LiveDeal.ca's easy-to-use web interface, seeing what's available locally first then nationwide second. Sellers enjoy a local or national listing with optional enhancements, resulting in a more cost-effective marketplace to list their goods

and services. To experience LiveDeal, visit www.livedeal.ca. LiveDeal.ca is a joint venture between LiveDeal Inc., Torstar Corporation's **online** unit, Torstar Digital, and Gesca that marries the strength of LiveDeal Inc.'s industry-leading Web classifieds technology with the extensive local reach of Torstar's and Gesca's newspapers.

CONTACT:Heather Armstrong, VP, Communications, Torstar, PH: (416) 869-4620

LOAD-DATE: September 7, 2006

Evidentiary Exhibit 13

1 of 1 DOCUMENT

Chicago Tribune

July 30, 2005 Saturday
West Final Edition

SECTION: NEW HOMES ; ZONE W; Pg. 06

LENGTH: 854 words

HEADLINE: **Young are fastest-growing segment of housing market**

BYLINE: By Cara Baruzzi, New Haven Register: Knight Ridder/Tribune

BODY:

In the three years since he moved to New Haven, Conn., from New York, making out his $1,000 rent check each month made less and less sense to Guoneng Zhong.

"I thought I could use that money for something," said Zhong, 30, a systems programmer at Yale University who, after several years of renting apartments, is buying a house because he wants to start building equity instead of paying rent.

Across the country, statistics show a growing number of young people like Zhong are buying homes.

"They start considering the tax benefits of ownership and it really becomes a no-brainer for them," said John Cuozzo, partner at Press/Cuozzo Realtors in Hamden, Conn.

Homeowners may deduct the amount of interest paid on their mortgage. The trend encompasses condominiums, single-family houses and multifamily houses, he said.

Nationwide, young people are the fastest-growing segment of homeowners, according to the U.S. Census Bureau.

Between 1995 and 2004, the percentage of people under age 25 who owned homes soared 59 percent, while the percentage of those age 25 to 29 jumped 17 percent.

By comparison, the percentage of homeowners in the overall population, when including buyers of all ages, grew by just 2 percent during the same period.

Younger age groups still have fewer homeowners than the overall population. In 2004, 69 percent of all Americans owned homes, while only 25 percent of people under age 25 did. But in 1995, just 15.9 percent of people under 25 owned homes, while 64.7 percent of all adults owned homes.

Barbara Pearce, president of H. Pearce Real Estate Co. in North Haven, Conn., attributed the spike largely to the Internet. The abundance of real estate information available online attracts young buyers, who tend to be more Internet-savvy than older ones, she said.

"It's easier for people [to look at homes] than it once was," she said, noting that buyers no longer have to take the time to browse listings with a realtor. "You can now do this in the middle of the night. This has become a 24/7 business."

Recent college or graduate school graduates typically earn low salaries and see home ownership as a way to save money as opposed to paying rent, said Frank D'Ostilio, president of William Orange Realty in Woodbridge, Conn.

"They start younger and younger," he said. "The hotter the market, the more people try to get their parents to help them."

With current low interest rates, he said, "people can own for less than they can rent."

Meghan O'Connell, 25, of Middletown, Conn., who is in the process of buying a condominium, said she regrets not becoming a homeowner sooner.

At first, she said, the prospect of making a large down payment intimidated her, but she has since learned she can make a relatively small down payment and still qualify for a good mortgage rate.

"I wanted to stop wasting my money," said O'Connell, who works at St. Paul Travelers in Hartford. "I hated spending rent."

Corey Nash, 29, bought his first home, a multifamily one in New Haven, three years ago when he was 26.

"I wanted somebody else to pay rent for me," said Nash, an information technology director who recently bought a single-family home with his 25-year-old wife, Jennifer.

Laura Ferraiolo, 34, was eager to start looking for a home last fall with her fiance. The couple plans to marry in October.

"We want to build up equity and really get into the market," said Ferraiolo, who is still searching for a condo or house.

Assuming they are not saddled with excessive debt from student loans and have good credit, young first-time buyers can obtain low mortgage rates with down payments of as little as 3 percent to 5 percent, Cuozzo said.

In recent years, as mortgage rates have hit historic lows, many first-time home buyer lending programs have been deemed unnecessary and eliminated, said Jim Kochis, senior loan officer at Coldwell Banker.

"The last couple of years have been kind of crazy," he said.

But as such programs have dwindled, lending guidelines have been revised to make more first-time buyers eligible for mortgages, he said.

Traditionally, buyers could qualify for mortgages if they devoted 28 percent of their income to a mortgage payment.

In recent years, that percentage allowance has grown, allowing buyers with good credit to now qualify if they spend 45 percent of their income on a mortgage, Kochis said.

Wendy Roberts, 25, keeps a close eye on mortgage rates, regularly checking online as she shops for a condominium.

Along with the Internet, she has used a bank financial adviser and her parents as resources, as the financial aspect of buying a home was new to her.

"That was a big learning process," she said.

Even Zhong, who had some knowledge of mortgages and financing before buying his multifamily home, experienced somewhat of a learning curve.

"The actual experience is something you don't learn until you go through it," he said.

But Roberts, like Zhong and other buyers, is confident the research and house hunting will pay off--literally.

"Rental prices are just as high as a mortgage," said Roberts, who works as an educational specialist. "Why not get some equity out of it and some tax breaks?"

LOAD-DATE: July 30, 2005

Evidentiary Exhibit 14

1 of 1 DOCUMENT

The Post and Courier (Charleston, SC)

May 7, 2005 Saturday Final Edition

SECTION: REAL ESTATE; Pg. 012G

LENGTH: 541 words

HEADLINE: Web site aims to tap into area's rental market needs

BYLINE: JIM PARKER Of The Post and Courier Staff

BODY:

Whether you're a landlord ready to rent out property in the Charleston area or a tenant eager to lease, a new Internet company believes it can help out by designing portfolios for homes, condominiums and apartments.

Business partners and real estate agents Hank Hanna and Dan Gowdowns started the Web site CharlestonRental-Properties.com in January. They claim to have risen to the top, or near the top, of online "search engines" based on certain key words and phrases, among them "Charleston home rentals" and "Charleston vacation rentals."

According to Jennifer S. Roberts of The Longaberger Co. public relations, the company is averaging 40 online visitors a day and expects the numbers to top 100 a day by summer.

"Rental properties are a key component of the Charleston real estate market because not everybody can afford to buy, or they need time to decide where to purchase," she said.

A key feature of the Web site is that each property can include up to seven color photos, thus giving the renter or tenant a close-up look at the homes or apartments from a range of locations. The site permits property owners and managers to maintain and update their own listings, which can include property descriptions and community information.

The bulk of the 31 listed properties are on Charleston peninsula, Daniel Island or Mount Pleasant. Most are homes and condominiums. Rental prices range from $775 to $3,600 a month, according to the Web site. Property information includes address, geographic location, square footage and number of bedrooms and baths. Often, there is a link for more data, such as a neighborhood profile, school information and a map of the subdivision. The site also provides tips on rental insurance, moving and self-storage.

According to the online company, the site helps prospective renters because they can check out properties before they visit them, and they can contact landlords and property managers directly, saving both parties time and money.

CharlestonRentalProperties.com is one of a growing number of local and national Internet sites provided by entrepreneurs, real estate companies and media outlets, including The Post and Courier's www.charleston.net online site, that offer information and assistance on rentals here.

The launch of an Internet rental site may seem unusual at a time when hundreds of Charleston area apartment units are converting to townhomes and condominiums. Low interest rates and appreciating properties have made home ownership especially alluring. Still, the rental business has remained strong, based on at least one recent survey.

According to Charlotte-based Real Data, there are more than 25,000 apartment units in the Charleston area. The average vacancy rate for new rentals is a modest 8.6 percent, up slightly from the year before but expected to level off.

Meanwhile, developers are in the midst of constructing 774 more rental units. The average lease price is $703 a month, Real Data reported.

CharlestonRentalProperties.com is aiming at more upscale rentals since all its listings are higher than the area average.

Jim Parker covers real estate and automotive news. Contact him at 937-5542 or jparker@postandcourier.com.

LOAD-DATE: May 10, 2005

Evidentiary Exhibit 15

1 of 1 DOCUMENT

San Francisco Chronicle

The San Francisco Chronicle

SEPTEMBER 26, 2004, SUNDAY, FINAL EDITION

SECTION: REAL ESTATE; Pg. G01

LENGTH: 1434 words

HEADLINE: **Meeting their match;**

Web site introduces S.F. buyers who can't afford to go it alone

SOURCE: Chronicle Staff Writer

BYLINE: Marsha Ginsburg

BODY:

Brian Townsend and Becky Rodskog are a perfect match, even though Townsend is married to someone else who just had a baby.

The twosome are a perfect couple because they have no interest in falling in love. What they both want is an ideal partner for buying into San Francisco's frenetic real estate market.

According to the latest technology, which brings together perfect real estate partners, they are a match made in homeowner heaven. Both have good credit scores, want similar kinds of properties and even like children and low-key dinner parties.

Both in their 30s, they and their spouses were brought together by the first-ever matchmaking service for buyers of tenancy-in-common properties, an affordable way for an increasing number of anxious renters who want to become owners.

"It's been needed for a long time," said Townsend, 34, a surfer and software salesman. "It not only minimizes your risk, but it makes the buying experience so much better because it personalizes the whole process."

City Living of San Francisco, which began online this month, has had hundreds of people register, and is looking to expand to the tenancy-in-common markets in Berkeley and Santa Monica.

TIC markets, particularly in San Francisco, have grown as a way for renters to enter the real estate market relatively cheaply because TIC units sell for less than individual condominiums.

Typically, buyers come together to purchase a single building that has at least two units. Once they purchase it, they must spend 12 months living there before applying for a condominium conversion, which is handled by an annual lottery and usually takes about three years. At that point, the joint ownership is severed, and each owns an individual condominium.

A TIC unit in San Francisco averages about $450,000. A condo can run $100,000 to $150,000 more than that, agents say.

"It sounds like a great idea," said D. Andrew Sirkin, a veteran San Francisco attorney and expert in tenancy-in-common deals. "There's a lot of people out there who would like to be involved in co-ownership and don't

know how to get started. I get calls from people asking if I know of another person. For those people this would be a great resource."

The plus to such deals is that they come cheaper than if the buyers tried to purchase a condo individually. The minus is that such deals can be risky. Deals fall apart, or one party loses his job, or other unforeseen circumstances make the investment little more than a huge regret.

City Living (www.ticpartnermatch.com), which initially discovered interested buyers on the popular Web site Craig's List, began advertising as a TIC matchmaking service this month and got 200 applications in two weeks, said Radhi Ahern, an agent and spokeswoman for City Living.

"It is so San Francisco," Ahern said. "In the fast-paced housing market in San Francisco, once a buyer finds a place, there generally is not time to go looking for partners."

City Living's free program requires interested property buyers to apply online, asking them a litany of questions about nearly everything except their astrological sign.

It asks the expected questions, including income, preferred neighborhoods and credit scores. It also includes some not-so-expected questions, such as whether the applicants smoke, how sociable they are, their sentiments on pets, and what sports, exercise and personal interests they enjoy.

Townsend, now the proud father of 5-week-old William, wrote on his application, "My wife is expecting her second child. We have outgrown our space and would like to meet a partner that has a similar family lifestyle. ..."

Rodskog, who works for a management consulting company, and her husband don't have kids yet, but they would like to. So when she and Townsend met at a Marina district coffee shop, they quickly got the business out of the way. Both wanted the same size units, no wild parties and happily, only Townsend wanted an upstairs unit.

They also talked about kids, and "a bunch of stuff totally off the subject," Townsend said.

"That was cool," said Townsend, who, with Rodskog, has begun the search for the perfect building.

It might seem humorous to those with a pure business sense, but Townsend knows it works. After all, he has seen the other side of TICs, which can be fraught with lawsuits and complications.

Townsend and his wife, Natalie, purchased a TIC without a matchmaker two years ago and found the process daunting.

Townsend started out hunting for a two-unit building to buy with a friend, then learned the friend was backing out to buy a place on his own. Townsend's real estate agent fixed him up with a new buyer at the last minute.

The deal went through, but it was only later that the Townsends, who had just had a baby, Clayton, now 2, found they were a total mismatch with the other owner. The co-owner worked graveyard shifts and slept during the day, when the newborn was unpredictable. They were on opposite schedules. Their co-owner was private, and they were sociable, Townsend said.

"It was a total mismatch, and it was because it was glued together at the last minute," he said.

Worse, the law allows a TIC sale prior to 12 months for economic hardship, and the partner grabbed the opportunity when he lost his job at 11 months, Townsend said. A new couple moved in, but the Townsends were forced to wait another year to convert their place to a condo.

"It was nerve-wracking and a nightmare," he said.

City Living earns its revenue like any other real estate company acting as agents for buyers. The seller pays it a commission. If a buyer already has an agent, the company shares the commission, Ahern said.

Benjamin Yerushalmi, 39, saw the group advertised on Craig's List and decided he liked the idea right away.

"It's like match.com," he said. "It's pairing people with similar interests and backgrounds. And the reality is (that) if you were buying a condominium, who knows what you'd be getting? You could have lunatics on either side of you. This way you're entering into it with like-minded people."

For example, he says, his real estate partner should know he needs a garage because he likes tinkering with motorcycles.

Although a match hasn't been found for him yet, he figures it's a win-win situation. City Living not only matches up the prospective buyers but also oversees them all the way through closing.

"This sort of gives you a preview," says Yerushalmi, who has owned two properties, one in Colorado and one in Lake Tahoe, but is living in a rental on Gough Street in San Francisco. "If you don't like it, you walk away."

Most of the clients so far, Ahern said, are young professionals who are past the point of all-night parties. They have children or are seriously thinking about becoming parents.

Kier Lane, 33, of Burlingame, and his partner, Tracey Kabay, have been searching for a TIC in San Francisco for months, he said.

He has a high credit score and wants to find someone else who does, too. Anything lower would raise the interest rate on his mortgage because the partnership's creditworthiness is determined by the lower of the partners' scores.

Lane said he has tried to go through brokers to find people online to go into partnership, but that usually doesn't work out because the other people weren't ready or they found something else or there were last-minute circumstances.

"But now," he said, "you have a pool of people to choose from. There's a better chance that one of four people will like the same property you do."

He says he is flexible on almost everything and left a lot of the questions blank about personal interests and whether a yard is mandatory. Kabay, however, feels differently, he said.

"The personality is more important to her than me. She definitely wants to meet them," he said.

If Lane and Kabay had started working with City Living earlier, they would have had a lot more information about the potential building-mate.

Ahern said the company started out asking applicants about religious faith, nationality and whether it was important to live with people like themselves. It even considered asking whether clients did drugs.

"But we didn't want to do that," she said.

What the company learned, she said, is that most people didn't want to answer those questions, and it became "too much like a dating site."

So the questionnaire was streamlined.

"At the end of the day," she said, "it's still a business relationship."E-mail Marsha Ginsburg at mginsburg@sfchronicle.com.

GRAPHIC: PHOTO (4), (1) Motorcycles and babies: Natalie and Brian Townsend (left) obviously need kid-friendly TIC partners, / Elizabeth Mangelsdorf / The Chronicle, (2) while motorcycle hobbyist Benjamin Yerushalmi (above) says his partner must be aware that a garage is a must. / Darryl Bush / The Chronicle, (3) TIC matchmmakers: From left, property analyst Fred Salem, marketing manager Radhi Ahern and CEO Gannon Tidwell on the balcony of their Union Street office. / Michael Macor / The Chronicle, (4) Benjamin Yerushalmi says the matchmaking idea is great because it "gives you a preview ... if you don't like it, you walk away." / Darryl Bush / The Chronicle

LOAD-DATE: September 26, 2004

Evidentiary Exhibit 16

1 of 1 DOCUMENT

Newsday

Newsday (New York)

April 30, 2004 Friday
NASSAU AND SUFFOLK EDITION

SECTION: REAL ESTATE; Pg. D009

LENGTH: 1122 words

HEADLINE: **Electronic edge;**
In the hunt for urban housing, craigslist and other Web sites become key

BYLINE: BY JANICE I. DIXON. Janice I. Dixon is a freelance writer.

BODY:

Finding a place to live in New York has always been about connections. But you don't necessarily have to spend weeks cultivating a network of doormen and other insiders in the hope of getting early word on the right apartment. These days, getting wired can mean just that: connecting to the Internet.

Real estate Web sites are fast becoming the preferred means of getting an edge in the hunt for the right apartment or condo. One such site, San Francisco-based www.craigslist. org, has become an essential insider's guide for many Web prowlers looking to get a foot in the door of New York real estate.

When Zaidee Rose, 26, a publicist for the publisher Penguin Group, wanted to move from a railroad apartment into a larger space, she turned on her computer and punched up the site, which she'd heard about from her brother in California. Dozens of apartment listings in New York filled her screen. After checking out about 10 postings, Rose and her roommate signed a lease for a two-bedroom apartment in Manhattan on East 81st Street for $1,850 a month, spending $50 less than they had budgeted. The search was free.

Rose's co-workers have used the site as well. Gretchen Koss, associate director of the publicity department, sold her Village co-op by posting on the site. "I saved so much money by not using a Realtor that I bought a new car," she said.

Craigslist has become an Internet phenomenon, with the name used as shorthand advice to people looking for something - and not just housing. Need concert tickets? A second-hand sofa? A job? Craigslist.

Simple, and no ads

For all the buzz surrounding it - there's even a documentary film, "24 Hours on Craigslist" - the site itself is surprisingly simple and low- key, as if the Pennysaver were posted online, but without the commercial advertising. It's just list upon list of categories, with links to postings for vacation rentals, collectibles, musical instruments and online discussion groups.

The home page lists more than 50 cities the site covers, from Anchorage, Alaska, to London. During the first three months of this year, craigs list.org maintained an average ranking of 145th among all sites viewed on the Internet, ac-

cording to Alexa.com, an Amazon.com company that tallies Internet traffic. Among viewers going to the craigslist.org site, 20 percent click on the New York page.

And yes, Craig exists. Craig Newmark, 51, grew up in Morristown, N.J., but left after high school. Much of what he knows about New York today he got from TV: "I learned from 'Friends' that finding affordable housing in New York can be difficult," he said by phone from San Francisco.

Apartment owners and apartment seekers find craigslist equally appealing because the service is free and ads are posted within minutes. Brokers and owners charging a fee can list on the site, too, but in a separate area. (Newmark and chief executive officer Jim Buckmaster said craigslist makes enough money to stay healthy by charging San Francisco-area employers $75 for each 30-day job posting. They are considering charging New York and Los Angeles employers the same.)

The site averages 18,000 apartment listings each day for the New York metropolitan area, according to Buckmaster, who is 41. He boasted the site has supplanted traditional favorites like The Village Voice as the way to find an apartment in New York.

Before moving to New York from Miami, Kamini Teelucksingh, 23, planned a one- week trip to find an apartment. She came armed only with craigslist. One-bedroom apartments and studios, she discovered, were out of reach. So she put an ad on craigslist seeking a room, while checking out postings by people looking for roommates.

There were enough ads for roommates that she was able to see six apartments one day, but nothing panned out. The day before she returned to Miami, Teelucksingh clicked onto craigslist one last time and discovered a new listing for an apartment to share on East 66th Street for $800. She was the first to respond, and signed on that day.

Getting "a steal"

"It was a godsend; it was a steal," said Teelucksingh, an administrative assistant at Icon Clinical Research in midtown.

Teelucksingh and her calico cat, Mr. Bojangles, moved into the apartment and two months later her roommate moved out, as agreed in their arrangement. Teelucksingh assumed the lease without having to pay a broker's fee. Since then she has found two other roommates by posting on craigslist.

At craigslist, it is not just where you live, but how you live. Mara McGinnis, 29, senior editor at the alumni magazine for Columbia University, is using craigslist to find an apartment nearer to her job on the Upper West Side.

That's after using the site to land a freelance reporting assignment on Fire Island, a favorite haunt, and to sell tickets to Dave Matthews' concert in Central Park last summer to college students from Michigan. McGinnis and her roommate also found someone in Paris willing to swap apartments over New Year's, although ultimately everyone made other arrangements.

"It's so comprehensive you can find anything - a girlfriend, a boyfriend, or someone to go have drinks with tonight," she said.

'HOME PAGES

Internet-based real estate sites abound. Here are a few of them and their fees for apartment hunters and landlords.

www.forrent.com

Lookers: No charge.

Listers: $75 intermediate listing includes photo and one floor plan, contact info and description, for 90 days; or $125 deluxe listing with three photos, one floor plan, vanity URL, description, contact info, search results positioning for 90 days.

www.sublet.com

Lookers: Flat rate for 90-day site access; $75 for Manhattan; $39.95, Brooklyn; $39.95, Queens; $14.95, Staten Island; $19.95, Long Island; $19.95, Bronx.

Listers: Post for free, if not a broker or agent; $19.95 buys preferred placement and a color ad. Also, "pro-active" leasers who want the database of users for 30 days pay as follows: $39.95, Long Island; $49.95, Manhattan; $49.95, Queens; $49.95, Brooklyn; $39.95, Bronx; $29.95, Staten Island.

www.rentfaster.com

Lookers: $29.95 for 30 days of site access, $39.95 for 60 days, $49.95 for 90 days.

Listers: Post ads, with photos, for free; no brokers.

www.mlx.com

Lookers: Free access to limited listings and posting of "apartment wanted" ad; $149 for access to all listings, ad and professional consultation. Listers: Free listing with photos and floor plan for landlords and owners on this site and partner sites brokersnyc.com, landlordsnyc.com and ownersnyc.com; for $149, all of the above, listing to brokers and access to "apartment wanted" ads.

www.rent.com

Lookers: No charge; $100 if you sign a lease.

Listers: First month fee of $99 and $49 per month thereafter (wait two business days before ad posts).

GRAPHIC: 1) NEWSDAY PHOTO / JIRO OSE - Kamini Teelucksingh, 23, and her calico cat, Mr. Bojangles. She moved to the city from Miami, finding a shared apartment on the Upper East Side for $800 a month using craigslist. 2) AP PHOTO - Craig Newmark 3) COVER PHOTO - NEWSDAY PHOTO / VIOREL FLORESCU - Zaidee Rose inside the Manahattan apartment she found through the craigslist Web site.

LOAD-DATE: April 30, 2004

Evidentiary Exhibit 17

1 of 1 DOCUMENT

The Boston Globe

May 18, 2003, Sunday ,THIRD EDITION

SECTION: REAL ESTATE; Pg. J01

LENGTH: 841 words

HEADLINE: YOUNGER BUYERS: FAST AND FREE

BYLINE: By Chris Reidy, Globe Staff

BODY:

When software engineer Prarit Bhargava, 31, went to look for a roommate to share his Waltham house, his search began on www.craigslist.org. Museum staffer Lydia Ruby and her husband recently bought a South End condo with only limited help from a broker at www.Zip Realty.com.

"People in my age group don't want to be harassed by a realtor," said Ruby, 29. "I didn't want to be sold a bill of goods. I wanted to have more control of the process."

Real estate websites are changing the ways that many consumers, particularly younger ones, think about buying, selling, and renting. Comfortable with the Internet, they say they prefer e-mail exchanges to face-to-face meetings. They demand convenience and detest big fees, whether they're first-time home buyers or one of the Boston area's many college students scrambling to rent or sublet an apartment for the summer.

As the school year ends, one increasingly popular website is Craigslist. Based in San Francisco, Craigslist isn't just about apartments and roommates. It describes itself as "a humane, noncommercial environment" where regular folks can find out about "everyday, real-world stuff."

"People use our site for all sorts of things - looking for a house, looking for a job, looking for a date," said founder Craig Newmark, 50, a software writer who despite a stint at Charles Schwab Corp. claims to be gloriously **free** of the itch to make big bucks. The site's only revenue stream is from Bay Area employers posting job listings, he said; there's no charge for other services.

Being "100 percent **free**" appealed to Harvard law student Dan Richenthal, who needed to sublet a room in his apartment for the summer. He's been hired to clerk for a federal judge in New York this summer and not wanting to pay rent in Cambridge at the same time, he nevertheless does not want to give up the apartment he shares. After all, he plans to move back here when school resumes in the fall.

To find someone to temporarily take his place, he posted notices on several websites. Craigslist, he said, elicited the fastest e-mail responses. In the end, another Harvard student agreed to rent his room. But Richenthal got a Craigslist taker to sublet his parking space.

Bhargava relocated from Canada in 2000. Using Craigslist, he rented a house in Waltham, sight unseen. He described Craigslist as an ideal tool for an out-of-towner looking for housing in a strange city. He also used Craigslist to find someone to share the house. That person just got laid off and is moving back to his native Texas. Bhargava is now using Craigslist again to find another housemate, preferably a dog owner like himself.

Websites are also useful for long-term rentals. Renters can do a lot of homework online and quickly narrow their choices before visiting properties, said senior portfolio director Sarah Mathewson of AvalonBay Communities Inc.,

which manages many rental units in Massachusetts. All that homework makes for a "more informed prospect" and speeds up the process, she said.

Websites where housing is bought and sold are a different story. More money is at stake here and, unlike renters, buyers are less inclined to make snap decisions.

According to Jupiter Research analyst Rob Sterling, many realtors regard the Internet as a mixed blessing when it comes to selling a house. While a website posting can generate more leads than a newspaper ad, a far higher percentage of Internet leads don't pan out.

Websites, he said, bring in a "lot of window shoppers" that mean extra work for realtors, but not necessarily a bigger payoff through more sales.

Others make the case that some websites are great for discounts. Unlike a traditional realtor, ZipRealty does not maintain a network of brick-and-mortar offices, said chief financial officer Gary Beasley.

With lower overhead, Zip Realty can offer savings to consumers in the form of 4 or 5 percent commissions instead of the traditional 6 percent, and buyers can qualify for a rebate of up to 1 percent of the purchase price.

That rebate is just one more reason why Ruby said she's pleased she bought her South End condo through ZipRealty.

"When you're moving, every little bit helps out," she said.

But critics caution that lower fees can translate into less service.

"When you're making an important decision, you're well advised to get a professional involved," said Edwin J. Shanahan, chief executive of the Greater Boston Real Estate Board.

Ruby said she might use a traditional realtor in the future if she were looking to buy a place in a strange city. Because her condo is less than a mile away from where she lived as a renter, she didn't need a realtor to tell her about the neighborhood or how much her money would buy.

After spotting a prospect on Zip Realty.com, she and her husband made an appointment to see the condo and then bought it. The website made easier a process she was dreading.

"It wasn't," she said, "the nightmare everyone described to us."

Chris Reidy can be reached at reidy@globe.com.

GRAPHIC: PHOTO, Prarit Bhargava used www.craigslist.org to find a roommate. / GLOBE STAFF PHOTO / PAT GREENHOUSE

LOAD-DATE: May 19, 2003

Evidentiary Exhibit 18

1 of 1 DOCUMENT

Newsday (New York)

July 13, 2001 Friday NASSAU AND SUFFOLK EDITION

SECTION: REAL ESTATE, Pg. C006

LENGTH: 2806 words

HEADLINE: The **State Of Real E-state**

BYLINE: By Cara S; Trager; Cara S; Trager is a freelance writer; She may be reached by e-mail at ecrivmere@aol;com

BODY:
When the dot-com craze became a crash last year, real estate Web sites were affected along with most e-commerce industries. Still, Internet usage by home buyers and sellers has skyrocketed. In the last four years, the Web, once perceived as a threat by many agents, has become an inextricable part of the business. Here is a special annual report on the evolving **state of real e-state.**

Marcella Connolly spent three months shopping for a house on Long Island - but she only left her Brooklyn apartment twice to do so.

For about three hours every weekend, Connolly, a manager at ABC Carpet & Home in Manhattan and the mother of three daughters, surfed the Web to learn about the Island's school districts, real estate prices and housing inventory. She eventually narrowed her online travels to four communities: Greenvale, Centerport, Northport and Huntington.

Through the Internet, she also found a mortgage site that helped determine how much she and her husband, Brian, who sells computer software, could afford to spend on a home: up to $450,000.

Finally, in February, she e-mailed Anne Marian, a broker at Daniel Gale Real Estate in Huntington, about homes she had listed on the Web. In response, Marian began e-mailing Connolly lists of more houses that might appeal to her.

Within a few days of contacting Marian, the couple trekked out to Long Island. Over a two-day period they saw 10 houses, including one she had seen on the Web that they eventually purchased: a $430,000, four-bedroom, three-bath house in Northport.

"The Web is a great source of information that also saves a lot of house-hunting trips," Connolly said. "Since we lived far away from where we wanted to purchase, I figured it would probably take us until the summer to find something, and then we'd move in by Christmas. But we found our home in February and moved in by May."

These days, Connolly's Web-based, home-buying strategy is increasingly the norm, rather than the exception. More than 60 percent of today's buyers use the Internet as a search tool, compared to only 2 percent six years ago, according to the National Association of Realtors, a Washington-based trade group.

By 2005, 80 percent of homebuyers and renters will employ the Internet as a research tool, estimates Jupiter Media Matrix, an Internet research firm in Manhattan.

The growing popularity of the Internet among buyers and renters has much to do with its convenience, as well as its breadth of information. Once a first step toward buying a home meant getting into the car, cranky children in tow, to check out neighborhoods and to see what amenities they offered, such as proximity to shopping, main roads, schools and houses of worships. Today all that information and much more is available on the Web 24 hours a day.

Via the Web, consumers are not only researching neighborhoods and school rankings, but they also are educating themselves about what houses are selling for and where - information once the exclusive domain of brokers. And when buyers find a listing that appeals to them, they don't always have to make an appointment with a broker to see the property. Increasingly, they can take a "virtual tour" of the home's interior and exterior and decide whether it's worth their time and effort to make an off-line visit.

"There's less disappointment than with written ads," said Ellen Dioguardi, director of marketing at Cook Pony Farm Real Estate Inc. in East Hampton.

As a result, shoppers who use the Internet to view and evaluate homes generally look at about 12 homes in person before making their purchase. That compares to non-Web users, who look at an average of 21 homes, said Kathleen Sindell, author of "The Unofficial Guide to Buying a Home Online."

"The Web is rapidly becoming the preferred way," said Robert Sterling, senior analyst with Jupiter Media Matrix.

From June 2000 to April 2001, traffic to real estate sites grew 88.7 percent, outpacing traffic to the entire Internet, which grew 13.9 percent, according to Jupiter Media Matrix. Overall, 13 million people, or 15.3 percent of everyone online, visited at least one real estate site in May, as compared to 11.5 percent, or 9 million people, a year earlier.

Locally, the Web site of the Multiple Listing Service of Long Island/Long Island Board of Realtors, www.mlslirealtor.com, which covers Long Island and Queens, has also grown dramatically. "Since we began tracking the site over the past 18 months, we've seen it grow to 10,000 daily sessions," said Tricia Chirco, marketing and communications manager for the Realtors Board and MLS. Most visitors to the site make three or four searches, Chirco added.

"The Web will grow as a marketplace for buying and selling residential properties," Sindell said. Currently, the Net lists about 1.3 million homes for sale nationwide and includes more than 30,000 real estate-related Web sites, she said.

Still, the Web is not without its drawbacks.

For prospective buyers whose computers use a dial-up Internet service, rather than rely on a much speedier cable or DSL connection, browsing real estate sites can be frustrating. The amount of time it takes to download photos can easily tax the prospective buyer's patience. In addition, many Web sites aren't updated often enough, especially in active housing markets.

"By the time a house is on the Internet, it's gone or sold, especially if it's a solid, good value," said Mike Riccio, a broker with Prudential Long Island Realty in East Meadow.

Besides providing information about homes for sale and apartments for rent, many sites also feature links to ancillary real estate services, including homebuilders, home inspectors, insurance agents, architects, interior designers, movers and mortgage lenders. In many instances, real estate sites include tips on building, buying, selling, renting and renovating a home as well as information about moving and mortgages.

While the dot.com shake-out has resulted in many real estate sites shutting down or consolidating with larger operations, such as move.com merging with Homestore.com, the situation today is "not one of buyer beware," said Nick Karris, senior real estate analyst at Gomez Advisors Inc., a Waltham, Mass.-based Internet research firm. "The companies that are still operating are the ones that have done the best job, and there's still a wealth of information out there."

Although he used the Web to nab a buyer for his own home, Dennis Cronk, immediate past president of the National Association of Realtors, said the Internet can "make the buying process difficult. It's information overload."

Even so, the information the Internet does give is far from the whole story.

For instance, a real estate site may have plenty of data about neighborhood school rankings, but there's little, if anything, on an area's morning and late-afternoon traffic patterns. And while virtual tours spotlight spacious rooms, few, if any, will zoom in on leaky pipes.

So while there are occasional stories about buyers who purchased a house without ever stepping into it, most people use the Web as a home-buying research tool - an initial time-saver, not the actual means of purchasing what is likely to be the most expensive asset they own.

In fact, in a 1999 National Association of Realtors survey of homebuyers who used the Web, only 4 percent learned about the home they actually bought from the Internet, as compared to 49 percent who found their eventual home

through a real estate agent. Nevertheless, when the association undertakes a similar survey later this year, officials expect the number of buyers of Internet properties to rise to reflect the overall increase in online real estate searching.

"It's a great tool that allows buyers to start the process, and it builds the excitement," said Brian Marino, a sales agent with National Homefinders in Ronkonkoma.

Robert Zakem is among buyers who did see both his East End house and Manhattan apartment online before purchasing them. In November 1997, toying with the idea of buying a home in the Hamptons with his partner, Richard DeFeo, Zakem began checking out real estate sites "just to see what the prices were."

His Web search led him to a 2,500-square-foot Sag Harbor house, with four bedrooms, three baths and an in-ground pool, priced at $479,00. The following June, when he saw that the house had been reduced to $429,000, Zakem and DeFoe, lawyers, drove out to see it in person with David Butland, a sales agent with Cook Pony Farm in Southampton.

The next week, they returned to the house for one more look and decided to buy it. After renovating the property, Zakem and DeFoe moved into the house around Christmas 1998.

Then, last October, Zakem's casual online perusals led him to Corcoran Real Estate's Web site where, in the new development section, he unexpectedly found their new Manhattan residence: a two-bedroom, two-bath, 2,050-square-foot condo in Tribeca, which they bought for about $1.4 million. Zakem subsequently listed their Upper East Side condo, a two-bedroom, 2 1/2-bath, 1,400-square-foot apartment, with Douglas Elliman Real Estate. The apartment was sold through the Web for $1.2 million.

"The Web has been very good to me," Zakem said.

The Internet is also helping an increasing number of renters.

For instance, computer systems analyst Michael Broggy found his rental apartment via Rent-Direct.com in February. The service allows users to see rental listings, including apartment photographs, for free, but they must pay a registration fee of $169 to access building addresses and landlord phone numbers. Users set up their own appointments and meet with building rental agents on their own.

While the user's registration has no expiration date, most people "fall out within 60 to 90 days," said Ralph Barocas, a partner in the Manhattan-based online service.

Broggy was logging onto Rent-Direct.com for three weeks before he paid the registration fee to see the first apartment that interested him - a $1,150-a-month, one-bedroom unit in Woodside, Queens, which he wound up renting.

"I got my money's worth," Broggy said.

For brokers, though, the Web can be a mixed blessing. While the Internet enables real estate agents to increase their exposure and extend their reach to the global marketplace, updating Web sites and responding to cyberspace inquiries can be very time-consuming, experts say. What's more, many e-mail inquiries are from people who are more curious than serious about buying a home, they say.

"The Internet puts pressure on most agencies because it wastes their manpower," said analyst Sterling of Jupiter Media Matrix.

About 1 1/2 years ago, Marino of National Homefinders joined Internet service Homegain.com, which provides brokers with free sales leads through the Web. Prospective buyers electronically submit a form to Homegain, indicating the communities and ZIP codes that interest them, and the service then forwards it to brokers who service those areas.

Since January, Marino has received four to five leads a week, yet only one has materialized into a real estate transaction. In general, Marino said, he doesn't answer half of the inquiries he receives because the senders' housing demands are outrageously unrealistic: as in a "four-bedroom, two-bath home for $70,000" on Long Island.

"I don't know if they have made a mistake, or they are dreamers," Marino said. And, when he does take the time to answer an inquiry, the recipients don't always read his response. With Homegain notifying Marino each time a prospective buyer opens his sent e-mail, he noted that more than 30 percent of his responses go unread.

"Still, nothing ventured, nothing gained," he said.

Similarly, buyers aren't necessarily serious about securing online financing when they log onto mortgage sites. According to Fannie Mae's 2000 National Housing Survey, although 21 percent of recent homebuyers used the Internet to price a home loan, only 4 percent applied for a mortgage online, with 2 percent using the Web to actually secure their loan.

When Zakem was purchasing his Manhattan condo, he checked out mortgage terms at LendingTree.com and applied for a Washington Mutual mortgage application online before going to a Great Neck broker he already knew. Zakem said that if he didn't already have a relationship with a broker, he would have pursued the online mortgage process without hesitation - a position that makes him more the exception than the rule among mortgage borrowers.

According to Forrester Research in Cambridge, Mass., many buyers go the off-line route simply because they feel more comfortable having personal interaction in large financial transactions.

"We equate it to people taking a while to get used to doing business online or initially being concerned about using ATMs," said Kalen Holliday, a spokeswoman for Manhattan-based MortgageIt.com, a 2-year-old Web site that was spun off from IPI Skyscraper, a bricks-and-mortar mortgage brokerage firm. "It's an evolution."

Aware of consumers' concerns, MortgageIt.com, like other online mortgage brokers and bankers, responds to e-mailed application submissions with a phone call to assuage any concerns people have about doing business in cyberspace. Borrowers also have the choice of receiving their documents overnight or meeting with a lending agent in person, she said.

With varying degrees of success, other types of real estate-related businesses are also generating business from the Web.

With a 5-year-old Web site and links to other sites, David Klein, owner of the Bayside, Queens-based insurance agency that bears his name, credits the Internet with generating 10 percent of his business - a small amount, given that there's "a lot of work involved," as in "site management and development taking more time than you realize."

Last year, one of his sites attracted 50,000 visitors, with 10 percent submitting a questionnaire and 1 percent becoming a client. "It really filters down quite a bit," he said.

About 1 1/2 years ago, Paul Forsberg, vice president and principal in East Hampton-based Stepping Stone Construction, which mostly builds modular homes, started promoting his business on the Web, an effort that initially produced 90 to 120 cyberspace inquiries a month but only a handful of jobs. In many instances, people either weren't serious about building, didn't have the finances to do so or weren't within his service area, he said.

"We go as far west as Riverhead," Forsberg said.

Still, Forsberg doesn't believe the $1,500 he pays annually to maintain and update his Web site is misspent money, even though he says he's received only a few inquiries and no jobs in recent months because of the stock market's volatility.

"All I need," he said, "is one job to pay for it." The Top 10 Real Estate Sites in May Total number of unique visitors to real estate sites: 14,402,000 1. Homestore.com sites Unique Visitors: 4,177,000 Offers shopping list of resources, in-cluding subject links to Realtor.com, new homes, moving, home improve-ment, apartments and rentals. 2. Realtor.com Unique Visitors: 3,606,000 Official site of National Association of Realtors, with features and tips for buyers and sellers and more than 1.5 million home listings nation-wide. 3. Homeadvisor.com Unique Visitors: 3,016,000 Microsoft Network's real estate site, in-cluding home and apartment listings, resources for home improvement, mov-ing, gardening and financing. 4. MonsterMoving.com Unique Visitors: 1,708,000 Offshoot of monster.com, the site of-fers array of moving-related content as well as access to Homestore list-ings. 5. Ahamembership.com Unique Visitors: 1,253,000 Official site of American Homeown-ers Association, offering members an array of products and services, in-cluding discounts on furniture, ho-tels and airline tickets. 6. Springstreet sites Unique Visitors: 1,084,000 Offers 6.5 million apartment listings nationwide, with links to Home-store. com. 7. Homefair.com Unique Visitors: 867,000 Resources for consumers planning, researching and managing a move. 8. Homegain.com Unique Visitors: 800,000 Offers sellers resources to estimate home value, find agents and prepare for selling their properties. 9. Bamboo.com Unique Visitors: 637,000 Through iPIX software, offers "virtu-al tours" of properties through links to Homestore.com. 10. Apartmentguide.com Unique Visitors: 628,000 Offers apartment listings nation-wide, as well as information for apartment dwellers, including re-sources for furnishing, moving/stor-age and finding roommates.

GRAPHIC: 1) Photo - Marcella Connolly sits in the backyard of the four-bedroom, three-bathroom home in Northport that she found with the help of the Internet. The house cost $430,000. 2) Photo'sby Ghazalle Badiozamani - Connolly found her new home in Northport while she was living in Brooklyn, with the help of real estate 3) Photo - Web sites. She used her computer to find out how much she and her husband could afford, compare prices and research school districts. Chart - The Top 10 Real Estate Sites in May (see end of text).

LOAD-DATE: July 13, 2001

Evidentiary Exhibit 19

1 of 1 DOCUMENT

Chicago Sun-Times

June 24, 2001, SUNDAY, Late Sports Final Edition

SECTION: FINANCIAL; Pg. 039

LENGTH: 990 words

HEADLINE: **Going back to renting ;**
Higher earners fastest-growing renters' segment

SOURCE: Bloomberg News

BYLINE: BY KATHLEEN M. HOWLEY

BODY:

For Lori and Steven Gersten, having someone else around to change a light bulb is just one of the many reasons they opted to rent a place after putting up with the hassles of homeownership for 23 years.

"If a light bulb is out, I call maintenance and they come right up to change it," Lori Gersten said.

Their new home on the 32nd floor of Chestnut Tower, in the Gold Coast neighborhood, also offers a valet who parks and retrieves their car, a doorman, a business center, a gym and deliveries for dry cleaning. Those services appealed to the Gerstens, who sold their Chicago home because "the price was right."

The Gerstens are part of the fastest-growing segment of the apartment population -- people who earn more than $ 50,000 a year yet choose not to own their home. Their numbers have grown 8 percent annually the past three years, versus 2 percent for other renters, according to a National Multi-Housing Council report.

As high home prices tempt some to sell and keep others from buying, developers such as Chicago-based Equity Residential Properties, the No. 1 apartment owner, and Houston-based Camden Property Trust are loading rental developments with such amenities as high-speed Internet access in each unit and business centers to lure tenants.

The renters "expect the latest technology. They want to be able to talk on the phone while being on the Internet, getting a fax and watching television at the same time," said Laura Little, vice president of development for Camden.

The latest measure of apartment construction came last week, when the Commerce Department reported that starts of multifamily housing slipped in May to an annual rate of 331,000 units from 336,000 in April. Still, for all of this year construction of apartments and condominiums has averaged a 343,000-unit rate -- the fastest in four years.

Construction is likely to accelerate because permits for multifamily construction jumped to 422,000 in May from 369,000 in April, Commerce Department figures showed. May's total is above last year's monthly average of 397,000.

About 20 percent of multifamily construction permits are for condominiums, and the rest for rental apartment buildings, said Gopal Ahluwalia, director of research for the National Association of Home Builders.

"Owning a home is the American dream, and everyone wants to fulfill it. But after achieving the dream some people are deciding they'd rather live in an apartment," he said.

Anticipating the demand, apartment developers are spending more on construction.

Most of the high-end units have interior architectural details that don't come in standard apartments, said Patrice Goldberg, regional marketing manager for Englewood, Colo.-based Archstone Communities Trust. They include higher-grade cabinetry, custom built-ins and crown moldings, she said.

"We're building interiors you'd expect to see in a condominium, not an apartment," Goldberg said. "That's what the market is supporting right now."

Equity Residential, a real estate investment trust controlled by financier Sam Zell, is spending $ 520,000 a unit -- more than twice what it's spending on any other project -- on a 450-unit luxury tower in Marina Del Rey, Calif.

Analysts say Zell will have to charge up to $ 6,000 a month, double the average in the area, to make back his investment. He's competing for tenants with a development by Irvine Co. in Santa Monica, Calif., where rents range from $ 6,000 to $ 17,500.

Part of the growth in wealthy renters is a matter of demographics, Ahluwalia said. The oldest members of the baby boom generation, an estimated 76 million people born between 1946 and 1964 who make up 29 percent of the U.S. population, are beginning to turn 55, an age when cleaning gutters and finding someone to repair household appliances seem less manageable than they used to be, he said.

"Some of them are a little tired of all the responsibilities of owning a home," he said. "When something breaks, they'd rather let the landlord deal with it."

Job changes are another factor. Thirty-six percent of renters moved for a job or school, half came from outside the country and 25 percent moved to a new state, according to the Multi-Housing Council report, which focused on renters living in buildings with five or more units.

A 30 percent rise in home values in the past five years is prompting some homeowners to sell and invest the proceeds, said Richard Yamarone, a senior economist at Argus Research in New York. People approaching retirement years, when their incomes drop, are less likely to need the tax breaks that come from homeownership, he said.

Though an exemption from capital gains tax on home sales for people over 55 years old was changed in 1997, the tax code still carries incentive for some homeowners to sell and rent.

Under the current rules, home sellers can exclude up to $ 250,000 of capital gains, or $ 500,000 for couples, for the sale of residences every two years, said Craig Gilmartin, a Boston real estate attorney.

Joshua Weisbuch, an analyst with Fidelity Investments, said rising prices have kept him out of the real estate market. He rents a two-bedroom apartment in a century-old brick building about five miles from his office in Boston's financial district.

"I'm waiting to see what the market does," said Weisbuch, 31. "I don't want to buy something that tanks in a year."

Six weeks ago, Norman Tempest sold his single-family Florida home and moved into a one-bedroom apartment. The 70-unit building where he lives is the first phase of a 454-unit apartment development being built in Tampa by Camden.

It's so new the pool, the gym and the business centers aren't yet open. Yet Tempest, 63, said he's already enjoying the best part of apartment living.

"Someone else has to cut the grass, someone else will call the plumber if a pipe breaks, and someone else will clean the pool -- not me," he said.

GRAPHIC: Norman Tempest now rents a one-bedroom apartment in Ybor City in Tampa, Fla. "Someone else has to cut the grass, someone else will call the plumber if a pipe breaks, and someone else will clean the pool -- not me," he said. ; BILL SPEER; BLOOMBERG NEWS

LOAD-DATE: June 25, 2001

Evidentiary Exhibit 20

1 of 1 DOCUMENT

PR Newswire

March 29, 2000, Wednesday

SECTION: FINANCIAL NEWS.

DISTRIBUTION: TO BUSINESS AND REAL ESTATE EDITORS

LENGTH: 539 words

HEADLINE: **Viva.com Announces Nation's First Online Apartment Leasing For Six U.S. Cities; Dallas, Houston, Austin, Denver, Las Vegas, Phoenix Among Launch Markets**

DATELINE: SANTA MONICA, Calif., March 29

BODY:

Viva.com(TM) (www.viva.com), the nation's first online leasing center in the rental housing industry, announced today it is now open to handling apartment lease transactions in six U.S. cities: Dallas, Houston, Austin, Denver, Las Vegas and Phoenix, with 16 new markets to be added in the coming weeks.

Viva has been beta testing its new website since March 8 with hundreds of live renters and a rapidly growing inventory that now totals more than 335,000 pre-registered rental units. According to management, Viva's website is experiencing robust customer activity with more than 3,000 rental offers and several lease transactions having been generated during the three week beta period. Viva's Chairman and CEO, Scott Ingraham, stated, "We are excited about the early demand for Viva's revolutionary new business model. The breadth of adoption and interactivity has far exceeded our expectations at this point in Viva's evolution. However, it is imperative that we continue striving for more simplification and speed in order to improve the customer experience. Through skillful use of the web, we are determined to make the process of renting a home easy, efficient and financially rewarding for both renters and landlords."

About Viva.com

Viva.com is the first e-commerce company to enable renters to request their precise rental housing needs and to then receive rental offers from properties in their desired markets that match those needs. Renters pay no charge to use Viva's website and instead, are paid $100 cash when they close a lease transaction through Viva. Viva's unique free and open marketplace allows all owners and managers of apartments, condos and houses to freely access Viva's website and to register their properties in a quick and easy process. Property registration enables owners and managers to respond to rental requests with virtually instant rental offers.

The rental offers, which are created on an attractive template on Viva's website, can be embellished with digital images and a narrative sales pitch. Viva's business model and technology promotes constant interactivity between renters and owners and offers an excellent example of how the Internet can be exploited to facilitate one-to-one direct marketing between business and consumer. Viva.com is an e-commerce "pay for performance" financial model, as owners and managers pay Viva success fees when Viva renters execute lease agreements.

Viva has registered apartments, condos and houses totaling more than 330,000 rental units to date. Many of the largest apartment owners and managers in the country have registered rental units with Viva, including AIMCO, Archon, Archstone, BRE, Camden, Con Am, Equity Residential, Gables, Glenborough, Greystar, JPI, Lincoln, Legacy, Mark-Taylor, Pinnacle, Simpson , Trammel Crow and United Dominion Realty, among others.

EDITORS NOTE: Viva, Viva.com and "Rent Pain Free" are trademarks of Viva Group, Inc.

SOURCE Viva.com

CONTACT: George McQuade, gmcquade@lbgcomm.com, or Russell Bell, rbell@lbgcomm.com, of The Leavitt/Bell Group, 626-564-9500 ext. 229 or 222, for Viva.com

URL: http://www.prnewswire.com

LOAD-DATE: March 30, 2000

Evidentiary Exhibit 19

The Washington Post

October 7, 2006 Saturday
Final Edition

SECTION: Real Estate; F14

LENGTH: 2604 words

HEADLINE: Q DEAR BOB: What recourse does ...

BYLINE: Robert J. Bruss

BODY:

Q DEAR BOB: What recourse does a home seller have against a deadbeat real estate agent? Knowing we are in a buyer's market, I signed a listing with a high-profile agent professing to have great marketing skills and a fabulous **sales** record. What I wound up with was an agent who put up the for-**sale** sign, listed my home on the multiple listing service and then disappeared. No communication, no updates about marketing and no showings. Can I cancel the listing contract with no penalty and list with another more competent agent? -- Suzanne Z.

A DEAR SUZANNE: It sounds as if you listed your home with an agent who takes lots of listings, knowing only some of them will **sell.** Before giving up on your listing agent, call him to discuss the situation. Ask why he didn't have a broker's tour for local agents. Ask what specific advertising he is doing for your home. Ask when he will be holding weekend open houses. Ask what he is doing on the Internet to **sell** your home. Ask if there is anything you can do to help him shape up and **sell** your home.

Be persistent but polite. Tell the agent you are disappointed and you expect him to phone you at least once every week to report on progress. If he refuses to cooperate, tell him you want your listing canceled immediately in writing so you can list with a more effective agent.

Another alternative before canceling the listing is to speak with his office brokerage manager. Explain why you are unhappy. That manager should suggest either switching the listing to a better agent within the same firm or canceling your listing.

Before you re-list with another agent, interview at least **three** successful agents who **sell** homes like yours in your vicinity.

DEAR BOB: I own a rental property with an adjustable-rate mortgage. The mortgage balance is about $74,000 and the property is worth about $714,000. My ARM is getting close to its next interest-rate adjustment in November. The lender urges me to refinance with a fixed-rate mortgage for 10 years. I am 76, retired and I think refinancing is risky and expensive. The rental income will more than pay an interest-rate adjustment, which is tied to the 11th District Cost of Funds Index. What should I do? -- Diana C.

DEAR DIANA: If I were you, I wouldn't do anything. It sounds as if you have an excellent mortgage with a low balance compared with your property value. The 11th District Cost of Funds Index moves slowly. Unless you have a need to refinance to take out tax-free cash from your huge equity, I see no reason to refinance even after your ARM adjusts.

DEAR BOB: I put my apartment units up for **sale.** A buyer made a purchase offer, which I accepted. He paid $2,000 good-faith money. But I changed my mind and want to stop the **sale.** What penalties will I incur? -- Larry Y.

DEAR LARRY: It sounds as if you have seller's remorse. If I were the buyer's real estate lawyer and the buyer still wanted to buy your apartments, if you refused to deliver the deed as agreed in the contract, I would advise my client to file a specific performance lawsuit against you and record a lis pendens against the title.

Unless you have a valid legal reason to default, the court will issue an injunction ordering you to deliver the deed under the terms of the **sales** contract.

Before you refuse to perform under the contract, I suggest you contact the buyer and the real estate agent to have a friendly conversation about being released from the **sales** contract. The agent has a stake in this situation and might sue you for lost **sales** commission. For more details, retain a real estate lawyer.

DEAR BOB: I am considering getting a senior-citizen reverse mortgage on my home, but what happens after I die? Who makes the decisions concerning the **sale** of my home, such as selecting the real estate agent, asking price and repairs to be made? Who makes the decision to accept an offer or make a counteroffer? What if my son does not accept an offer and the house sits empty? What action can the reverse-mortgage holder take? -- Frank M.

DEAR FRANK: Presuming your son is your sole heir, if he doesn't cooperate with the lender to pay off the reverse-mortgage balance after your death, the reverse-mortgage lender can hold a foreclosure **sale.** Then the lender gets paid the mortgage balance, and any foreclosure-**sale** excess cash goes to your heir. However, if your heir wishes to keep the house, he can obtain a new mortgage to pay off the reverse-mortgage balance and then own the house subject to the new mortgage.

DEAR BOB: Our neighbor recently sold her property and carried back a $20,000 mortgage on the $120,000 **sale.** When the neighbor moved out of state, we assumed that mortgage and installment note. We thought that if the borrower defaulted, we could foreclose and the property would become ours. But a friend told us a public auction is required and we would have to outbid any other bidders to retain the property. Is this correct? The payments are now four months in arrears. -- Susan M.

DEAR SUSAN: Don't worry. As the foreclosing lender, you can submit a "credit bid" for the amount that is owed to you, including attorney or trustee's fees and other expenses of foreclosure. With the monthly payments four months in arrears, it's time for you to consult a lawyer to start the foreclosure. A public auction is required. If a bidder shows up and bids $1 more than the amount owed to you, including costs, then you receive that cash and walk away happy. If no bidders show up, you get title to the property subject to any first mortgage, hopefully for a profit.

DEAR BOB: My nephew is interested in acquiring, renting and perhaps selling residential properties. What are some good books for beginner real estate investors? -- Ed K.

DEAR ED: Two recent good books for your nephew are "Real Estate Investing for the Utterly Confused" by Lisa Moren (McGraw-Hill, 2006) and "Buy Even Lower" by Scott Frank and Andy Heller (Kaplan, 2006) -- written by two successful investors.

DEAR BOB: I have owned and lived in my home about six years. I want to build a single-family house on my large corner lot. Can I live in the new house for two years without paying capital gains tax and, if I **rent** my old house, am I still exempt from capital gains tax when I decide to **sell?** -- Julianne S.

DEAR JULIANNE: If I understand your question correctly, you plan to move into the new house to be built and then **rent** your current residence for a few years before selling it. Until a property is sold, no tax consequence occurs.

To qualify for the Internal Revenue Code 121 principal-residence-**sale** tax exemption up to $250,000 (up to $500,000 for a qualified married couple filing a joint tax return), you must have owned and occupied the home at least 24 of the last 60 months before its **sale.** That means you can **rent** your old home up to 36 months before losing your IRC 121 principal-residence-**sale** tax exemption. Consult a tax adviser for details.

DEAR BOB: A friend owns a vacation home at Lake of the Ozarks in Missouri. She said if she **sells,** she has 45 days to buy another piece of property, perhaps a condo in Florida, before she owes tax on her profit. Is this correct? -- Sue E.

DEAR SUE: Your friend is mistaken and she should consult a tax adviser. Unless she is selling a rental property, which can qualify for an Internal Revenue Code 1031 tax-deferred exchange, she will owe capital gains tax on her **sale** profit. There are no special tax breaks for the **sale** of a nonrental vacation property.

DEAR BOB: You often discuss partition lawsuits where one co-**owner** wants to **sell** but the other co-**owner** doesn't. Does a judge have to grant permission for the partition lawsuit to force the **sale** of a property? If so, when one co-**owner** wants to buy out the other co-**owner,** might the judge deny a partition **sale** and allow the purchase by the co-**owner?** -- Mark S.

DEAR MARK: Judges don't have to grant a partition lawsuit brought by a property co-**owner,** but they usually do, even when a majority of the co-**owners** don't want to **sell.** Of course, a judge can grant a continuance for one co-**owner** to buy out another co-**owner.** Anything can happen in court.

DEAR BOB: What are your views on investing in commercial real estate, compared with residential properties? I read about the ease of renting commercial properties where the leases last for many years, instead of a year for apartments and rental houses. Would commercial properties be too complicated for a new investor? -- Karen C.

DEAR KAREN: I recommend rental houses because they are so easy to buy, finance, manage and profitably resell. Having owned commercial and apartment properties, I find single-family rental-house investing to be easier and more profitable.

However, a contrary view is contained in the superb new book "Confessions of a Real Estate Entrepreneur" by James A. Randel (McGraw-Hill, 2006).

DEAR BOB: I own rental properties in Las Vegas and have been calculating my depreciation tax expense by using the property tax assessor's tax ratio between land and building value. My problem is that the depreciable building value is low at only 36 percent to 50 percent. I think I should be taking a bigger depreciation write-off. I've heard of investors using an 80-to-20-percent ratio of building to land. What should I use? -- Julie T.

DEAR JULIE: The exact answer depends on the type of property. For example, if you own a rental condominium, your building-to-land ratio will probably be about 98 percent to 2 percent.

The local property tax assessor's ratio of building to land means nothing. He still gets the same market value and property tax no matter what the ratio. All that matters to him is the total property value for tax assessment purposes. When the IRS audited me on this issue several years ago, I showed the IRS agent my property insurance agent's replacement cost estimate for the structures. The IRS readily accepted the insured replacement cost for allocating depreciation, with the remainder of my property purchase cost going to the nondepreciable land value.

Since then, I have talked with tax advisers and other investors who use the same method of taking the insurance replacement cost to justifiably arrive at the depreciable value of the structure.

DEAR BOB: I am a real estate agent about to make a purchase offer on a property with a contingency. Can you outline how to make this appealing to the property seller? -- Dede C.

DEAR DEDE: You ask a difficult question. In the current buyer's market for homes in most cities, most sellers are glad to receive any purchase offer. If the seller doesn't accept your buyer's offer, be sure the seller counteroffers to keep negotiations moving. Don't leave until you have a written counteroffer.

Make the contingency clause reasonable, such as a contingency for the buyer's approval of a professional inspector's report within five business days. Provide a similar reasonable time for a mortgage appraisal within a short time. In most cities, inspectors and appraisals aren't too busy to meet short deadlines.

However, if the contingency clause involves the **sale** of the buyer's current home, show the seller the home is listed for **sale** with a reputable local realty agent. Include a 48-hour release clause in the purchase offer in case the seller receives a better no-contingency purchase offer from another buyer.

DEAR BOB: I own a rental condo in Florida that is rented on a one-year lease and I live out of state. What is the best way to protect myself from liability in the event of an accident on the property? I have considered transferring title

to a limited liability company. I am concerned that will require special insurance and additional transfer costs. Would buying additional liability insurance be better? -- Jeff M.

DEAR JEFF: Be sure you have adequate rental **owner's** liability insurance for at least $300,000. If your net worth exceeds $1 million, ask your insurance agent about an excess liability umbrella policy for $2 million or $**3** million. It's cheap, usually just a few hundred dollars per year.

However, be sure your basic rental **owner's** insurance and the umbrella policy are with the same insurer so there is no conflict between insurers if a large negligence liability loss occurs in your condo. Also, your umbrella liability policy will protect you against other losses, such as your negligence in a serious auto accident.

DEAR BOB: I like your idea of using a lease-option to **sell** houses and condos in a tough market. As a real estate agent, I have a question. Do you set the option purchase price when the lease-option is signed or when the option is exercised? If the option price is set up-front, it seems to me that hurts the seller if home prices go up. -- Sylvia R.

DEAR SYLVIA: As a buyer and seller of rental houses and for my personal use, I have been using lease-options at least 25 years. I have always set the option purchase price at the time of entering into the lease-option contract.

However, as a seller I sign only one-year lease-options. At the end of each year, if my tenant isn't ready to exercise his purchase option, I then have the right to "adjust" the **rent** and the option purchase price.

If market values and **rents** haven't increased substantially, I leave the terms unchanged. However, when **rents** and market values escalate, then I raise the **rent** and the option purchase price annually.

But as a lease-option buyer, I try to negotiate the longest possible term. The best I've ever done was a 15-year lease-option with no change of **rent** or option purchase price. I exercised my purchase option in the 13th year at the option price negotiated with the seller 13 years earlier.

DEAR BOB: My daughter wants to buy a house with a co-worker. Do you know of a contract form to cover the possible contingencies, such as what to do if one is unable to pay her half of the mortgage payment and expenses? What do you advise regarding the best way to hold title? -- Vincent C.

DEAR VINCENT: Your daughter should consult a lawyer to discuss her concerns. There is no standard form to cover all the possible contingencies for the situation you describe. Unless it is a long-term relationship with a "significant other" or extremely good friend, I do not recommend co-ownership with a friend. The possible problems are endless. It's easy to buy a property together, but it can be extremely difficult to split ownership fairly if that becomes necessary.

DEAR BOB: What is your opinion of a "negative-equity home loan?" I am 68 and am looking for a retirement home, but I am concerned about keeping my monthly payments as low as possible. I won't have much cash left after the **sale** of my current home. -- Helene P.

DEAR HELENE: I am not familiar with a "negative-equity home loan." If you meant a "negative-amortization home loan," my best advice is to stay away. A negative-amortization home loan can result in your monthly payment being lower than the interest earned by the lender. Any unpaid interest is added to your mortgage balance with the unpleasant result of you owing more than you borrowed.

After selling your current home, if you can pay at least a 50 percent cash down payment on your retirement home, you may be eligible for a Fannie Mae reverse mortgage for home purchase. No monthly payments are required. To find a reputable local reverse mortgage representative, go to www.ReverseMortgage.org.

Readers with questions should write Robert J. Bruss at 251 Park Rd., Burlingame, Calif. 94010, or contact him via his Web page, www.bobbruss.com.

LOAD-DATE: October 7, 2006

The New York Times

September 24, 2006 Sunday
Late Edition - Final

SECTION: Section 11; Column 1; Real Estate Desk; Pg. 1

LENGTH: 1504 words

HEADLINE: House Available For $50,000 (Monthly, That Is)

BYLINE: By ALINA TUGEND

BODY:

JACK COHEN, a developer in suburban New York, is having a hard time selling a house that he built in Purchase and put on the market for $3.75 million. So last year he leased it to a New York Knicks basketball player for $17,000 a month.

Sheldon Dubrow, who is also a builder, is not getting any bites on a $1.99 million home he owns in Brookline, Mass. Now he's hoping that he can **rent** it for $8,500 a month.

As housing **sales** soften in some areas, rentals are beginning to look good to sellers who do not want to cut prices. Renting is also becoming more attractive to potential buyers who would rather wait and see what direction the market is going to take.

"There's increased supply and increased demand," said John Pfeiffer, a senior manager of Associates for International Research Inc., which handles executive relocation for Fortune 500 companies.

A majority of the **rental market** nationwide is under $6,000 a month, but a handful of cities offer a fair number of rental properties at $8,000 and above -- like Los Angeles, San Francisco, New York, Boston, Honolulu, Las Vegas, Miami and Washington, and their environs.

Owners who have properties that might have listed for $1.5 million a year ago may now have to lower the asking price to $1.1 million to make a **sale,** and so they **rent** instead.

"People are not willing to take the hit," Mr. Pfeiffer said.

Real estate brokers estimate that a $1 million home will **rent** for $5,000 to $7,000 a month, depending on size, condition and location.

So, who pays this kind of **rent?**

It might be someone who has recently moved into an area and is testing out a neighborhood. "Some of these people who **rent** are the ones who didn't buy," said Nancy McCreary, manager of the Hammond Rental Group in Boston. "Maybe because it wasn't their perfect choice, or the house was in the high $1 or $2 millions and with the increase in interest rates they said, 'I'm going to wait and see what happens.' "

Although the **rents** may seem exorbitant, those people do avoid a huge down payment, and aren't necessarily paying much more than monthly mortgage payments of, say, $10,000, on a $2 million-plus home.

Other high-end renters are diplomats and government officials, as well as executives relocating internationally or domestically, often for a stint of **three** to five years.

Many executives are given housing allowances, or "contributions," as they are more frequently called these days, which means the company will pick up part of the **rent** when they relocate.

Other people who might be willing to spend thousands of dollars a month for **rent** are those who are having expensive renovations done on their homes and need a temporary place to stay. And, of course, there are always the celebrities, along with a support crew of film directors, producers and others.

"The high-end lease market has always been extremely active in L.A.," said Jan Eric Horn, the founder and executive director of the architectural division of Coldwell Banker in Beverly Hills, Calif. "There are so many people brought in by the entertainment industry for 10, 11, 12 months."

Mr. Horn said he had noticed lately that "while the **sales** market has slowed, the demand for leases has gotten higher," which sometimes creates bidding wars.

A house in the west side of Los Angeles that was recently listed for **rent** at $30,000 a month is now being leased for $50,000, because several people were interested in it. The house -- just under 7,000 square feet with a pool and horse stables -- went to a businessman who paid the entire one-year lease up front, Mr. Horn said.

"A lot of leases are coming onto the market now," he said. "People are saying, 'If I sell now, I'll take a hit. Why do that? Let me put it on the market and lease and get top dollar.' "

Richard Kramer, a writer and producer who has worked on television shows like "Thirtysomething" and "My So-Called Life," is tempted to **rent** out his West Hollywood home and move to another state or country for a while. "I've fallen in love with my house; I've invested so much of myself in it, you can't recreate that," he said. "I can't imagine ever not having this house, but I would like to live somewhere else."

He bought his **three**-bedroom, 1920's house 15 years ago for $770,000 in an "insanely appreciating neighborhood," he said, and hopes to **rent** it out for $20,000 a month, which he says would be several times his mortgage.

"That might be high," he said, "but I'd like to get it."

Homeowners with beach property, especially on one of the rare private beaches in Los Angeles, can almost name their price.

Alan Mark, a real estate broker from Los Angeles, says he **rents** his 1,800-square-foot "cottage," which he estimates is worth $12 million, for $30,000 to $50,000 a month, depending on the length of the lease and the season.

His renters have included people like David Margulies, chief executive of the New Pacific Realty Corporation, who leased the house over the summer. Many renters work less than an hour away in Beverly Hills, Century City or Hollywood but are seeking a beach getaway.

"I'm very active -- I wanted a place where I could scuba dive, swim and surf," Mr. Margulies said. "You can sit at the window and watch dolphins jump out of the water. I know this will sound astounding, but to be candid, I think it's a bargain."

Las Vegas, while not on the scale of Los Angeles, has a number of homes that **rent** for $20,000 to $30,000 a month that also cater to celebrities, including those who are the headlining acts at nearby hotels.

"We have 20 or so villas that fit that category," said Jack Woodcock, the founder of Prudential Americana Group Realtors in Las Vegas. "In the past some of the entertainers would have stayed in hotels because we didn't have the facilities, but now they prefer the houses."

There have always been some high-end rental homes available for reclusive celebrities, gamblers and top-level corporate executives, but it was only in the last seven or eight years that they have become more prominent as "security has become more of an issue," Mr. Woodcock said.

Many of these rentals are clustered around Lake Las Vegas, an upscale development a short limousine ride from the Las Vegas Strip, as well as in golf course resorts in nearby areas, he said.

"There's not a lot of publicity about these places," Mr. Woodcock said. "They're generally places people have moved out of and hold on to as an investment."

Manhattan can also bring very high **rents.** Paying $25,000 a month for a four-bedroom prewar town house on the Upper East or West Side is fairly typical, said Susan Greenfield, a vice president of Brown Harris Stevens in Manhattan. "I have seen a lot of empty-nesters selling homes in the suburbs and moving into the city," she said. "They're not opting to buy right away and they test the market to see if they like the neighborhood."

Another rental scenario is an affluent family in the midst of a divorce and "the man needs to move out of his very high-end home," Ms. Greenfield said, but "needs to be close to the children."

While the high-end **rental market** may not shift much in Manhattan, give or take a few thousand dollars, brokers say the pricey **rental markets** in the outlying New York, New Jersey and Connecticut towns are more volatile.

"Over the last four months, I'm seeing two things," said Alix Sara Prince, vice president of Sotheby's International Realty in Rye, N.Y. "Those who want to wait out and **rent** until the market recovers, or those who are strapped because they have to leave town and put their house up for **rent.**"

Ms. Prince says she has 13 homes available for **rent** at $11,000 to $35,000 a month in the **three** towns she serves in southern Westchester County, almost twice as much in that price range as last year. Quite a few rentals, she said, are sitting around unrented.

Ms. McCreary, the Boston real estate manager, who specializes in rentals in Boston and its suburbs, said she, too, had an unusually large stock. "I'm getting a lot of $6,000 to $10,000 rental inventory this fall, which is an odd phenomenon," she said. "Usually the busiest activity is in the late spring."

But even with the greater supply, she added, "we've done quite well" in the last 18 months.

Many of the rentals are from people who want to sell, she said. Some are planning to **rent** for a few years, while others just intend to lease their homes for a few months before listing their property for **sale** next spring, she said.

Mr. Dubrow, the builder with a home in Brookline, put his 4,500-square-foot house on the market almost a year ago. He has lowered the price once, but still, buyers are not pouring in. "Some people from California with one child looked at it and thought it was too small," he said.

In June, when his real estate agent "talked to me about renting, I wasn't too excited," Mr. Dubrow said.

But his attitude has changed. "Now, $8,500 will cover my nut," he said.

URL: http://www.nytimes.com

GRAPHIC: Photos: TEMPORARY QUARTERS -- As home **sales** soften in many parts of the country, more high-end properties that would otherwise have been offered for **sale** are being rented, like these houses in Brookline, Mass., above right, and Purchase, N.Y., right. This beach house in Malibu, Calif., above left and left, is also for **rent.** (Photo by J. Emilio Flores for The New York Times)
(Photo by Susan Farley for The New York Times)
(Photo by Michael Stravato for The New York Times)
(Photo by Robert Spencer for The New York Times)(pg. 10)

LOAD-DATE: September 24, 2006

Evidentiary Exhibit 23

3 of 39 DOCUMENTS

Star Tribune (Minneapolis, MN)

January 8, 2005, Saturday, Metro Edition

SECTION: HOMES; Pg. 1H

LENGTH: 1519 words

HEADLINE: After a rousing 2004, housing markets may cool

BYLINE: Jim Buchta; Staff Writer

BODY:

MARKET SUMMARY:

Existing home **sales** are expected to set another record, exceeding 2003 by 2.6 percent, but may fall modestly next year.

- The number of new houses built in the metro area is expected to fall short of last year's record and continue at a somewhat slower pace next year.

- Mortgage interest rates are predicted to rise from 5.7 percent now to 6.25 percent next year.

- The **rental market** will continue to favor renters; vacancy rates could fall next year, but **rents** should remain flat.

2004 was a year of extremes for the housing market, and a year of contradictions too.

With mortgage rates near historic lows and the highest numbers of houses for **sale** and apartments for **rent** since 2000, renters and home buyers found themselves spoiled with choices.

For many sellers and landlords, however, it was a year of growing frustration as market times for rentals and for-**sale** housing stretched to weeks, sometimes months, and one-day market times faded to a sweet memory.

Nonetheless, when all the numbers are in the Minneapolis Area Association of Realtors expects 2004 to be another record year, and the Builders Association of the Twin Cities says 2004 will run a close second to its best year on record: 2003. Mortgage interest rates too will end the year at the lowest level in nearly 30 years.

Nationwide, new and existing home **sales** are expected to fall 5 percent as mortgage rates rise to 6.25 percent, according to Doug Duncan, chief economist with the Mortgage Bankers Association in Washington, D.C.

In the Twin Cities area, 2005 should usher in a relatively calm, slightly slower year for buyers and sellers, according to George Karvel, professor of real estate at the University of St. Thomas, who said people's fears of plummeting prices are unwarranted.

"There would be no expectation of any collapse in housing prices," Karvel said. "There is no bubble."

Existing home **sales**

During 2004 the market for existing homes went from great to good as the number of houses for **sale** peaked late in the year while the number of buyers remained fairly static. That caused market times to rise as buyers took advantage of the growing choices.

Even so, pending **sales,** closed **sales** and new listings all are expected to break records once the final numbers are tallied in early January, said Mark Allen, chief executive officer of the Minneapolis Area Association of Realtors.

According to preliminary data, there were 58,000 closed **sales** this year, up about 2.6 percent from 2003 - the previous record-setting year, Allen said.

So if you were a buyer, you probably found yourself in the driver's seat. The number of houses for **sale** rose to the highest level in more than five years, giving buyers more options than they've had in years. That also gave many sellers a headache. After four years of market times in the single digits, that has increased to several weeks or more in some areas. Mid- to upper-bracket houses in the suburbs are among those taking the longest to sell.

What can buyers and sellers expect in the coming year? That largely depends on what happens to the economy and to mortgage interest rates. Current projections and a promising jobs outlook indicate that the market will remain healthy, but might not break records, Allen said.

Continued economic growth is expected to drive home **sales** through the coming year. But at the same time, a stronger economy is likely to cause mortgage rates to rise, softening the increased demand that could come with a better economy.

"The good combined with the bad should result in a year that's very similar to this year," Allen said.

Annual **sale** price increases over the past year are expected to finish above 7 percent during 2004, but drop into the 4 to 6 percent range this year, he said. Historically speaking, that's still not bad. During a normal market the median **sale** price increase is more likely to be in the **3** to 4 percent range.

"All signs are that growth of appreciation should moderate a little bit, which is ultimately healthy in the long run," Allen said.

Rental market

In many ways the **rental market** mirrored many of the dynamics of the for-**sale** housing market, but for different reasons.

There still were plenty of renters out there shopping for an apartment, but with a rising supply of new apartments hitting the market, landlords had to scramble to get renters to sign leases. For most of the year vacancy rates dipped slightly from the 7 percent range to the mid-6 percent range, but not enough to justify significant **rent** increases. That left **rent** prices stagnant. As of the end of the third quarter, the last period for which data is available, the average **rent** price was $851 - just $6 higher than last year at this time.

"We saw some progress, but I don't think the progress met the expectations of many people in this market," said Brent Wittenberg, vice president of GVA Marquette Advisors. "We saw some job growth, but that didn't translate into apartment demand."

Wittenberg estimates that the vacancy rate in 2004 will be between 7 and 7.3 percent, down from 7.6 percent a year ago, but up considerably from 6.7 percent during the third quarter.

The **rental market** suffered at the hands of the housing market, which continued to steal renters who took advantage of historically low interest rates to become homeowners. However, when it came to low-income housing, demand still exceeded supply.

The market is considered to be at equilibrium when the vacancy rate hits 5 percent, Wittenberg said, and historically, a 7 percent vacancy rate isn't bad. But many landlords were spoiled by vacancy rates that dropped to the rock-bottom lows of 1 to 2 percent in the days before mortgage rates dropped to historic lows and the housing market went bonkers.

That's why property managers are digging deep to snag renters. Many are offering concessions of 1 to 2 months free **rent,** no application fee and other perks, particularly in communities where there's been significant construction.

In Plymouth, for example, competition increased when several new luxury projects hit the market. Some property managers are now reporting vacancy rates in the 10 percent range. In some areas the market got tighter because of the apartment-to- condominium conversion trend. In downtown Minneapolis, for example, where Riverwest Apartments is converting, the third-quarter vacancy rate fell to 5.1 percent.

During the coming year renters can expect a favorable market as long as mortgage rates remain fairly low. If rates spike, that could end the exodus from the **rental market** and increase the competition for apartments as potential home buyers fall out of the market. Wittenberg expects vacancy rates to remain in the 7 percent range with **rent** prices remaining steady.

"Hopefully we'll see a more robust job market resulting in more demand as interest rates rise," Wittenberg said.

New construction

Low mortgage rates have been a boon to home builders, too, and over the past couple years builders have been working year-round at break-neck pace trying to keep pace with demand.

Rick Kot, 2004 president of the Builders Association of the Twin Cities and president of R.A. Kot Homes Inc., said 2004 will go down as the second-most-active year in recent memory. From January through November, the number of permits issued in the Twin Cities is **3** percent behind last year.

Business is good largely because of strong demand for new townhouses and condominiums from baby boomers and empty nesters seeking liberation from snow shovels and rakes. Throughout the year attached housing has consistently comprised about half of all new units built in the metro area.

As of November, home builders were issued 10,073 permits for 17,010 planned units at a value of $3,038,984,769 in the metro area, according to the Keystone Report, which is commissioned monthly by the Builders Association. That report does not include downtown Minneapolis or St. Paul and a small number of suburbs.

During the coming months home builders could find themselves with a little more time on their work-weary hands as the market moderates. During the last months of 2004 the number of permits pulled - new home **sales** are not tracked locally - dropped precipitously compared with 2003. In November, for example, builders pulled 20 percent fewer permits with plans to build 11 percent fewer units.

During the coming year builders expect demand for new housing to slow slightly. That might translate into more incentives, including financing deals, option upgrades and closing cost assistance as they compete for business.

"Our builder members are relatively optimistic about 2005," Kot said. "All forecasts suggest the Twin Cities will continue to need new housing production."

Jim Buchta is at jbuchta@startribune.com.

GRAPHIC: ILLUSTRATION

LOAD-DATE: January 11, 2005

Evidentiary Exhibit 24

The New York Times

April 22, 2004 Thursday
Late Edition - Final

SECTION: Section F; Column 1; House & Home/Style Desk; Pg. 1; TURF

LENGTH: 1184 words

HEADLINE: Betting on **Rent** Over Mortgages

BYLINE: By MOTOKO RICH

BODY:

AVERAGE **sales** prices for apartments in parts of Manhattan now breach $1 million. Bidding wars are erupting over even the most modest of them. So what are would-be buyers doing? They have decided to throw in the towel and forgo a mortgage for a landlord.

For Larry Wiesler and Randy Federgreen, it was a one-bedroom condo for **sale** in the Flatiron district that finally made them snap.

Though the condo was in a modern building with a gym, it was small, with very little closet space. More to the point, the price did not make sense to them. After putting in a $675,000 bid, they chose to **rent** instead and withdrew their offer. Though they had sold an apartment in Greenwich Village for $1.5 million, they decided to pull out of the frenzied **sales** market.

"It felt like there was a lot of psychological hype around the 'you've got to buy it now' mentality," Mr. Wiesler said. "We found ourselves caught up in the same momentum as everyone else."

Last month, they moved into a one-bedroom penthouse on West 55th Street, with 14-foot ceilings, great light and a Hudson River view. Instead of a contract, they signed a lease, with a monthly payment of just under $3,000.

"A lot of buyers at any price range are having frustrations finding product available at the price they want to pay, so they're turning to the **rental market,**" said Stephen Kotler, a broker with Douglas Elliman, the Manhattan real estate firm.

Mr. Kotler said that between 15 and 20 percent of his clients have abandoned the idea of buying an apartment for now and have decided to **rent.** That compares with about 10 percent of his clients a year ago.

According to Andrew Heiberger, president of Citi Habitats, a Manhattan brokerage firm, 15 percent of the apartments his firm rented in the first quarter went to what he describes as "frustrated buyers." That is up from just 5 percent a year ago.

The increased demand is, in turn, fueling modest price increases in the **rental market,** where monthly rates are creeping up and vacancy rates are slipping, slowly reversing a nearly **three**-year trend.

Though still far below the peaks of early 2001, the average **rent** on a one-bedroom apartment below 100th Street in Manhattan has increased **3** percent to $2,333 from $2,268 in April of last year, Mr. Heiberger said. A **three**-bedroom

apartment averages $4,795, up from $4,605 last April. Vacancy rates have meanwhile slipped from 2.35 percent last April to 1.76 percent now.

In some neighborhoods, would-be renters are starting to have trouble finding what they want. Scott Stewart, a rental specialist with the Corcoran Group, has a list of families eager to **rent three** bedrooms on the Upper East or Upper West Side. In some cases they have sold apartments, figuring the market has peaked.

But, Mr. Stewart said, there are only six or seven apartments in these markets with **rents** of $10,000 to $15,000, compared with 25 or more just a year ago. As more high-end buyers have entered the **rental market,** the inventory of available apartments has started to shrink.

Even at the lower end, landlords are trying to push through **rent** increases and to withdraw sweeteners for tenants.

Lee Ryback, controller of the Kibel Companies, which owns five buildings in Manhattan, said his company planned to require tenants to pay broker commissions again. Kibel covered the fees after 9/11, but with vacancies down, he said, "we're going to see if we can go back to the old days."

David Wine, vice chairman of the Related Companies, which owns more than 6,500 apartments in Manhattan, said his company was being "much more selective about offering concessions than six months ago or a year ago."

The rise in **rents** does not yet compare to the pace of increases in the **sales** market. According to the Douglas Elliman Manhattan Market Overview, a quarterly report, first-quarter average **sales** prices in Manhattan below 112th Street on the West Side and below 96th Street on the East Side have risen more than 28 percent over the same period last year.

In Brooklyn Heights, where price increases have been nearly as extreme, **rents** can still appear fairly attractive. A $600,000 two-bedroom apartment in Brooklyn Heights, for example, could run a buyer about $3,000 to $4,000 a month, including maintenance payments, even assuming low interest rates and a hefty down payment, noted Christopher Thomas, president of William B. May Brooklyn. An equivalent rental in the neighborhood, he said, now runs about $2,500.

Those who have **rent**-stabilized apartments have even less motivation to buy. "At the end of the day, people think, I have to give up this amazing view of the park or this great **three** bedroom that I pay a nickel for and jump into the **sales** market and get less for a lot of money," said Brian Lewis, a broker with Halstead, who helped Mr. Wiesler and Mr. Federgreen **sell** their Greenwich Village apartment.

In addition to skyrocketing prices, the contraction in the number of apartments available for **sale** has been so severe that prospective owners feel they would have to make too many compromises in location and amenities simply to get into the market. "Even people for whom money is not the only issue are becoming incredibly frustrated by the fact that you can't find what you want," said Frederick W. Peters, president of Warburg Realty in New York.

Indeed, Kathryn Steinberg, a broker at Edward Lee Cave in Manhattan, said that she is suddenly finding herself helping some of her wealthiest clients to **rent.** "This is a brand new way of thinking for them," she said. In one case, she helped a couple with two children **sell** an apartment in an Upper East Side town house for $**3** million. They had hoped to buy a larger apartment or a town house, but quickly discovered that in their price range -- $4 million -- "the good ones don't exist anymore," Ms. Steinberg said. So they ended up signing a two-year lease -- for around $20,000 a month.

"The prices for anything nice are inflated, and it just doesn't make sense to buy," she said.

What does make sense is to **sell.** Property owners with seller's lust "want to **sell** at today's prices," said Louise Phillips Forbes, a broker with Halstead. She helped one couple **sell** a two-bedroom apartment on Park Avenue South for $1.6 million, $100,000 above their asking price. Now they want to **rent.**

Buyers of much more modest means are caught in the same currents. Avi Shalem, 38 and recently divorced, wants to **sell** his two-bedroom house in Forest Hills, Queens, and buy a one-bedroom bachelor pad in Manhattan. At first, he thought $500,000 would get him something decent. His broker, Bill Billitzer of Douglas Elliman, showed him nearly 20 apartments from Washington Heights down to the East Village. "I just wasn't finding what I wanted," Mr. Shalem said. "I was dismayed that there's no room for downward negotiation in Manhattan."

So now he is competing for a decent rental -- at a time when rental prices are also ticking up.

Mr. Shalem said he was no longer surprised by the vagaries of the Manhattan real estate scene. After only a brief foray, he said, "I'm jaded."

URL: http://www.nytimes.com

GRAPHIC: Photo: PRICED OUT -- Avi Shalem, a frustrated buyer, is looking for a place to **rent.** (Photo by Frances Roberts for The New York Times)(pg. F10)Drawing (Drawing by Tim Grajek)Graph: "**Rent** Creep"While **rents** in Manhattan have yet to match their March 2001 peaks, they are inching up, as frustrated buyers re-enter the **rental market.**Graph tracks Average monthly rental rates in Manhattan below 100th Street since March 2001.(Source by Citi Habitats)(pg. F10)

LOAD-DATE: April 22, 2004

Evidentiary Exhibit 25

1 of 2 DOCUMENTS

South China Morning Post (Hong Kong)

September 18, 2002

SECTION: Pg. **3**

LENGTH: 1063 words

HEADLINE: The Manhattan transfer

BYLINE: A local recession and even a cataclysmic terrorist attack have been unable to derail the real-estate boom that is under way in the Big Apple, writes Mark McCord

BODY:

ABOVE THE MODERN-ART splendour of the renowned Gallery Stendhal in chic SoHo, Manhattan's latest investment revolution is quietly and swiftly moving along.

The asking price for each of five fully fitted, low-rise loft-conversion units of luxury is a cool US$ 2.5 million. For the area - the western and slightly grottier edge of the former industrial neighbourhood - they are priced a little on the high side. Considering the fragile state of the economy and New York's own local recession, such a sale might be considered hopeful.

But analysts expect the homes to be snapped up and sold within a couple of weeks, as investors burned by Wall Street's recent vacillations look for more secure places to park their wealth.

Despite the shock the industry suffered at the hands of the September 11 attacks and the economic downturn, New York's residential real estate market went through the roof in the past quarter.

According to several reports by leading industry organisations, sales have soared and prices have rocketed to near-record levels even as local unemployment increases and economic growth declines.

"There has been nothing short of a renaissance in the residential market of Manhattan, especially lower Manhattan. There is a sense of the phoenix rising down there," said Warren Wexler of the Real Estate Board of Manhattan, an industry advocacy group.

September 11 hastened a slump in the residential sales and **rental markets** that had begun early last year. Recession forced many commercial tenants from the Wall Street area, and the laid-off employees who had moved into nearby soaring apartment blocks near their offices began moving out in tandem.

Then came the terror attacks, which demolished 30 per cent of downtown's office space and many of its jobs in the process. The knock on effect to the residential markets was devastating.

A year later, however, that trend has gone into reverse. A renewed vigour has entered lower Manhattan's residential market, especially the home **sales market.**

Fuelled above all else by the decline of the stock market and by stubbornly low interest rates, first-time buyers and long-term investors alike are looking at Manhattan's property opportunities anew.

With the Dow Jones demonstrating more volatility in the past year than at any time in the past 20 years, investors are looking for the low-risk guaranteed returns that real estate can offer, Mr Wexler said.

According to a study by Insignia Douglas Elliman, the city's largest real estate brokerage, the residential **sales market** for the whole of Manhattan leapt a staggering 30 per cent in the second quarter of this year, and 50 per cent over the same quarter last year, both record surges.

In absolute terms, average apartment prices are still 7.3 per cent down on the same quarter last year, when they hit an all-time record before the September 11 attacks sent them plummeting. But the recovery they staged in the past quarter - a 5.2 per cent increase to US$ 829,000 - suggests that benchmark may soon be breached.

Corcorans, another large brokerage in Manhattan, reports that in some parts of the city, that has already happened. They estimate that apartment prices in midtown Manhattan are at least 12 per cent higher than they were before the September attacks.

Remarkably, it is the scarred neighbourhoods of lower Manhattan that have seen the greatest improvements.

Sales in the downtown and Tribeca areas, the neighbourhood closest to the World Trade Centre, have surged 20 per cent. A deal signed earlier this year to construct a new US$ 60 million, 16-storey block of 34 luxury apartments in Tribeca was hailed as a pivotal point in lower Manhattan's turnaround. It will be the first new residential property to be built in the largely converted -loft neighbourhood in more than 40 years.

A similar picture is emerging within the **rental market,** which though not as strong as the **sales market,** has seen a rapid recovery since the terror attacks depressed rents by up to 30 per cent in lower Manhattan.

"The trend that was set about two years ago, in which businesses and residents began leaving Manhattan has been reversed," said Insignia Douglas Elliman senior sales executive Yuval Greenblatt.

Then, real estate brokers were complaining of an exodus of commercial and residential residents from lower Manhattan to neighbouring cities, such as Jersey City and Hoboken just a subway stop away across the Hudson River. Driven away by soaring rents that had reached up to US$ 1,500 per square foot in the **sales market** and upwards of US$ 3,000 per month for a single-room studio in the rental sector, they established a boom in the former industrial areas on the Jersey riverside that is yet to abate.

The rapid increase in home purchasing has hampered the **rental market's** recovery to a large extent, but other factors have had a positive effect. The strongest force attracting people downtown has been the generous grants offered by Lower Manhattan Development Corporation, the authority charged with rebuilding the neighbourhood.

In a bid to regenerate the area, it is offering renters grants of up to US$ 12,000 over two years, or US$ 500 a month, on leases above US$ 1,600 per month that are signed before the middle of next year. Similar, although less attractive, discounts have also been offered to buyers.

"That has had renters just flocking in," Mr Greenblatt said. The scheme's success has only been measured so far in the vacancy rate of lower Manhattan, which slumped to 25 per cent soon after September 11. A year later, it now stands at just 5 per cent. Although there is little data on average residential rent prices, Mr Greenblatt says anecdotal evidence suggests they are creeping up.

With steady but not overzealous demand from purchasers and a moderate supply of inventory combined with a record amount of new construction and conversions about to come online, Mr Greenblatt believes the **sales market** will remain strong for some time.

"For the first time in a long time we have a very healthy sales environment in lower Manhattan," he said, adding that transaction times have been halved from an average of six months to 120 days.

"There's no pent up demand and no glut of vacancies. The **sales market** is moving in an orderly manner."

Graphic: new18gbz

LOAD-DATE: September 18, 2002

Sunday Times (London)

June 1, 2003, Sunday

SECTION: Features; Money; 1

LENGTH: 622 words

HEADLINE: Should you sell your home to rent?

BYLINE: David Budworth

BODY:

HOMEOWNERS are **selling** up and choosing to rent instead to lock in profits from the house-price boom and avoid any crash.

The trend has emerged amid growing fears that property values could slide. Estate agents have already reported price falls of up to 20% in some parts of the southeast of England over the past five months.

Homeowners are therefore "**selling** to rent" and hoping to buy again at bargain prices once values have dropped.

Jeremy Leaf at the Royal Institution of Chartered Surveyors (RICS) said: "Fears of a house-price slump mean households are **selling** up and **renting** in the hope of making a profit while the market is still strong."

In its latest survey, the RICS points to the trend as one of the principal reasons why rental demand surged in April - rising at its fastest pace for two years.

Neil McCallum, an accountant from Cobham in Surrey, decided to "sell to rent" because he was convinced prices would drop in his area. He sold his house in February and is planning to rent for one to two years before getting back on the property ladder.

McCallum, 41, said: "I had been thinking of moving for some time so that we could live closer to where my children go to school. But I didn't want to buy immediately because house prices looked too high. And I was worried that if I hung on to my property it would lose value."

Experts say there are already signs of a slowdown in national house prices.

Last week, Nationwide reported that annual house-price growth slackened from 22.2% in April to 21.3% in May. It expects growth to slow to 10% by the end of the year Halifax, which releases its latest house-price survey this week, also believes that the property boom of the past few years is over. It thinks growth will ease off to about 9% by the end of the year.

Other surveys suggest house prices are in fact falling. Last week, Hometrack reported that house prices in England and Wales fell in May for the second month in a row. Prices were down by an average of 0.1%.

Some former hotspots have suffered bigger declines, according to Hometrack.

Properties in the southeast worth Pounds 500,000 or more have fallen in price by between 15% and 20% since the start of the year.

But John Wriglesworth, housing economist at Hometrack, thinks people who are considering **selling** to rent now have missed the boat.

He said: "Prices in the south should continue to fall for the next few months, but I don't expect these falls to be as dramatic as in the first part of this year.

There are signs that the market is bottoming out. If this happens people who are **renting** should be considering getting back into the property market."

However, other experts think **selling** now could make sense. Sabina Kalyan of Capital Economics, a consultancy, said: "We expect house-price growth to end 2003 at 8%. We are then predicting price falls of about 5% in 2004."

But experts warn that homeowners who decide to cash in are taking bag risks.

David Bitner of The Marketplace, an independent financial adviser, said: "If you are thinking of moving anyway and you think house prices will fall in your area it can make sense. But the big danger is that prices continue to rise and you find yourself priced out of the market.

"I wouldn't generally recommend it if you aren't thinking of moving and are just doing it to make money."

Bitner calculates that someone who sells to rent with the intention of eventually buying a home of Pounds 250,000 or more would need prices to fall by at least 7.5% - given the **selling, renting,** and buying costs - to make it profitable. Below Pounds 250,000 you would need prices to fall by around 4.5%, because of lower stamp-duty fees.

LOAD-DATE: June 2, 2003

Evidentiary Exhibit 27

The Daily Telegraph (Sydney, Australia)

November 3, 2001, Saturday

SECTION: FEATURES-COLUMN- HOMES; Pg. H03

LENGTH: 1110 words

HEADLINE: Plenty of room to rent

SOURCE: MATP

BYLINE: PAMELA WILSOM

BODY:

The First Home Owners Grant is seeing more people **buying** their own homes, spelling difficult times for landlords, as PAMELA WILSON reports

Rent is often termed "dead money". The minute you receive a pay cheque, you have to dip in to pay the landlord. It's money which buys shortterm security but offers no longterm returns.

Understandably, many Australians deplore having to forkout hundreds of dollars every week to pay off another person's mortgage.

Accordingly, the First Home Owners Grant has been a dream come true for many erstwhile renters who have been able to use it to escape the landlord merrygoround by **buying** a property for themselves.

But while the grant has given Sydney's flailing property market a muchneeded boost, it has resulted in the **rental market's** deepest slump for more than 10 years.

Landlords have seen their returns plummet and their vacancy factor soar as high as 5 per cent. In some instances, they have even had to offer free rent for one or two weeks or heavily discounted weekly rates just to fill their properties.

As Seaforth real estate agent Robert Klaric says, the grant has dealt a blow from a twoedged sword.

"What's happening is the renters are getting out into the market place and **buying** first homes and apartments as opposed to renting," says the principal of Klaric Partners Property Consultants.

"I think it's the first time in a long time that renters have got a good opportunity to buy into Sydney real estate, but from a landlord's perspective, it's become a lot harder. They are not getting as great a return as they would have wished,"

He says while the **rental market** is now finally being given a boost from the upcoming summer season, the vacancy factors along the Peninsula had risen to between 3 and 5 per cent over winter.

"Earlier this year it was taking a minimum of one to two months to get a tenant in. There are certainly a lot more rentals available on the Peninsula now. In fact, there is a lot more than there has been in the past 10 years," says Klaric.

The First Home Owners Grant has been awarded to 60,102 people in NSW. The figures from the September quarter show that a total of 56,520 people have taken up the $7000 from the regular First Home Owner Grant Scheme, a joint Commonwealth/NSW Government initiative. This benefit equalled $395,589,268. Another 3582 have taken up the $14,000 grant, totalling $50,148,000.

Dean Olsen, principal of Starr Partners Auburn, says the vacancy factor has risen so high in his area that some landlords have had to resort to heavy discounts.

"We had a period towards the beginning of the year where we had a lot of tenants moving out and there were more properties becoming available," says Olsen. "We also found that for a little while the rents were a little bit softer so we were having to negotiate one or two weeks free rent at the beginning of the period or reducing the rent by $5 or $10."

He says, however, that with a strong influx of new people to the Auburn area, the **rental market** is slowly starting to improve.

Anecdotal evidence also suggests that in some areas, quality, affordable housing is now hard to come by.

Olsen says the increased demand of buyers in the Auburn area has pushed prices skyward.

"We are finding that where we often had places between $200,000 and $240,000 and up to $250,000 six or eight months ago, the market seems to start at $255,000," says Olsen.

Last month, 20 of the 21 homes planned for the new Campbellfields Estate at Minto sold the first day they were offered. According to developer Long Homes, the majority of buyers were either firsthome buyers capitalising on the First Home Owners Grant or investors.

Demand was so strong that potential buyers were asked to register interest on the Friday night. By Saturday morning, all but one of the first homes in the lot to be offered had sold.

The singlestorey, threebedroom houses were priced between $194,500 and $218,000.

Overall, however, industry leaders say the grant has benefited more people than it has disadvantaged.

Housing Industry Association NSW executive director Elizabeth Crouch says the grant, along with successive interest rate cuts, has been instrumental in getting the industry back on a strong footing.

"The industry went into a significant decline following the introduction of the Goods and Services Tax so it was absolutely imperative that something like the First Home Owners Grant be put in place to try and give the industry a muchneeded kickstart," Crouch says.

"Prior to that, we were at 30year lows in terms of building approvals," explains Crouch.

"Now, we are quite strongly ahead. Building activity is quite strong. We've had some pressures, of course, associated with the collapse of HIH. A number of the builders were insured with HIH but, by and large, the industry is going along at a fairly good pace."

Crouch doesn't believe, however, that the grant has affected the **rental market** too badly. She says while some industry members argue there are now more rental properties without tenants, others suggest there are more owneroccupiers **buying** homes that were previously rentals, therefore reducing the supply of rental properties.

Meanwhile, President of the NSW Real Estate Institute Chris Fitzpatrick says it is an unfortunate situation for landlords, but it is important to remember the grant has benefited more than 60,000 people.

He adds that property investors should always factor in at least a 5 per cent vacancy rate anyway.

"The first ownership grant, as an offshoot to it, has created an increase in the vacancy factor. Traditionally, the innercity market was running at about 2 per cent and that has got out to 4.8 per cent [vacancy rate]. The Western Sydney market has traditionally run around 4 per cent and that has grown to about 5 per cent," says Fitzpatrick.

"The grant has allowed 60,000 people to enter into home ownership and if there is an unfortunate side effect on the **rental market,** then that is just a part of it."

Fitzpatrick does point out, though, that many landlords have taken the opportunity of the time when their properties have been vacant to reinvest in improving them.

He adds that the **rental market** is now slowly recovering and predicts the vacancy rate will drop again early next year.

"We see that school leavers will be starting to look around from next month. The peak of the university settlements will take place in January next year, so by then I think we will see that vacancy factor reduce to something that is more acceptable," says Fitzpatrick.

LOAD-DATE: November 2, 2001

Evidentiary Exhibit 28

1 of 8 DOCUMENTS

The Houston Chronicle

July 13, 2006 Thursday
Correction Appended
2 STAR EDITION

SECTION: THISWEEK; Pg. 1

LENGTH: 1323 words

HEADLINE: New technology helps ease **home buying** process;
Signing method aids in efforts to make closing documents digital

BYLINE: LAURA ISENSEE, Staff

BODY:

Many new home buyers in Montgomery County may say adios to the reams of paper documents they have to sign at the closing of their home.

The development of new technology is driving the closing process to become a fully paperless transaction.

Recently, Kayelin Wright signed her name on the screen of a tablet laptop. With a single, electronic flourish, she effectively signed scores of documents necessary to close the sale of her home in the Panther Creek area of The Woodlands. Her husband, Travis Wright, had done the same the night before from an airport.

Their electronic signing was the first of its kind in Montgomery County. It is a major step toward making the closing transaction fully electronic and paperless. It is also one of many ways the **home-buying** industry, considered by some to have been slow to adapt to new technology, is becoming more and more tech-savvy.

Electronic signatures

From the lounge of the San Antonio airport where his plane had been delayed, Travis Wright sipped chardonnay and reviewed the closing documents.

After clicking wherever his signature was required, he signed his name on the screen. His signature was then captured and embedded wherever he had clicked.

The electronic signature was just one of many tech-savvy steps the Wrights took to buy their home. They used the "click to sign" technology developed by Stewart Title Co., where Travis is the president of Stewart Transaction Solutions. Also, during the whole **home-buying** process, they reviewed all of their closing documents **online** through another Stewart Title tool.

After the signing, the Wrights received a copy of all of their documents in digital format.

Going **online**

For the Wrights, virtually every step in the **home-buying** process was digital, which made the process more convenient, less stressful and quicker, too, they said.

First, an automatic e-mail notified Kayelin, an associate Realtor with Coldwell Banker United, Realtors, that a new home with her requested specifications had been listed only minutes before. The couple proceeded to spend the week-end of their five-year wedding anniversary buying a home.

Kayelin wrote the offer **online** a day after visiting the Panther Creek residence and two days after the e-mail notification.

During the process, the couple used SureClose, which debuted as part of Stewart Title's eClosing Room in 2004. The technology puts all the documents **online** on a common platform. There, from a secure Web site, all the players - buyer, seller, escrow agent, lender and even lawyer - can view the scanned and uploaded documents; verify them and check their status at any time of day or night.

Convenient closing

The use of this technology - which is called a transaction management system and offered by several companies - is growing because of its convenience, said Ken Brand, manager of Prudential Gary Greene's office in The Woodlands.

In the old days, a whirlwind of faxes and overnight packages would keep buyers and sellers busy and stressed out.

"When you're selling a house or buying a house, it's a stressful time. And the more communication and the more information that all the parties have as to the status and progress of the transaction, the more comfortable everybody feels about what's going on," Brand said.

The electronic signature, however, is still an emerging technology, Brand said, because there is no one set standard for its use with all mortgage and title insurance companies.

About a quarter of the Wrights' documents, for example, had to have "wet signatures" and be notarized because the lender wanted physical signatures on paper.

Challenges ahead

The electronic signature is one of the steps towards having a 100 percent paperless home closing.

"That's where the industry is going right now," said Darren Ross, director of electronic commerce for Stewart Title.

In April, Chicago Title Insurance began offering electronic signatures and closings.

Fully electronic mortgage transactions - when even the promissory note is electronic - will benefit the mortgage industry after the closing of the home, Ross said, because the note is later bought and sold among lenders and investors.

One challenge, however, is bringing together all the parties and industries and their different technologies.

SafeClose (SEE CORRECTION) tries to integrate the different technologies under a common platform, said Wright, whose division at Stewart Title developed the technology.

Another challenge is making the deed recording electronic, too. Harris County is expected to adopt the technology this summer.

Consumer concerns

There also may be some apprehension from home buyers who may have concerns about the security of putting their potentially largest personal financial purchase **online.**

Stewart Title representatives say they have seen very little consumer apprehension toward the electronic closing.

Other consumers may just like the old-fashioned way.

"A fair number of people still want to go to the closing table and get the papers. Certainly, the younger population will be going paperless because they've been raised with the computer their whole life. They see it as an efficiency," said Vicki Fullerton, vice chair of the board of Houston Association of Realtors and a broker associate with ReMax The Woodlands and Spring.

"The older buyers may be a little more resistant," Fullerton said.

Internet tools

Last year, half of Houston home buyers and sellers used the **Internet** as part of the process, according to a recent study by the Houston Association of Realtors.

Most of the buyers didn't use the **Internet** to replace a real estate agent, rather to gather information, according to the study.

"The technology that each individual agent has is as broad as their experience," Fullerton said.

For a large part, the buyers are driving the technology wave in the industry. For example, Karen and Trevor Roberts were able to find a home in The Woodlands while thousands of miles away in Moscow, Russia. The couple, who have not lived in the country for more than a decade, used e-mail and Skype, an **Internet** telephone service, to find their home.

They searched **online,** looked at digital photos and put an option to the home they liked before seeing it in person. They also received e-mail updates on homes in the area that they were interested in and fit in with their criteria from their Realtors, Michele Flory and Co.

The realty agency uses a variety of technologies, from Web sites to a blog to podcasts, to help homeowners buy and sell their properties, said Greg Flory, marketing manager of Michele Flory and Co.

Fullerton said the great majority of buyers nationwide start their home search **online** and have spent six to 10 months **online** by the time they approach an agent.

"They're just more informed. It makes it a lot more challenging for us (real estate agents), because they are so much better armed and we have to be better armed to answer their questions," she said.

Brand said another recently developed technology that his office uses is a text message tool that sends an e-mail from an interested buyer or seller to an agent's cell phone. The agent can then respond immediately without having to go into the office to check their inbox.

"We invest in new ideas and new technologies to offer a high level of service," Brand said.

...

PAPERLESS SIGNING

What: Electronic signatures to close scores of **home-buying** documents

When: Used for the first time in Montgomery County in late June

Why: The electronic signature is part of making the closing transaction of a home purchase paperless.

...

TOP TECH TOOLS

The **home-buying** industry is increasingly digital. Here are some ways real estate agents use technology to help home buyers and their business.

1. Cell phones
2. PDAs and handhelds
3. Digital cameras
4. Laptops and tablet PCs
5. Portable printers
6. E-books
7. Software
8. Global Positioning Systems
9. **Online** mapping services
10. Podcasting

Source: National Association of Realtors' Web Wizard Report, March 2006

NOTES: laura.isensee@chron.com

CORRECTION-DATE: August 3, 2006

CORRECTION:

CORRECTION: The technology SureClose, an **online** transaction management system developed by Stewart Title, was misspelled in a reference in this story.

GRAPHIC: Photos: 1. PAPERLESS PAPERWORK: Travis Wright watches his wife, Kayelin Wright, sign her name to finish the eClosing on their new home in The Woodlands. They are at Stewart Title Co. in The Woodlands; 2. **ONLINE** REVIEW: Kayelin Wright, left, and Travis Wright examine the electronic documents for their recent home closing in The Woodlands (p. 14)
ALL DAVID HOPPER : FOR THE CHRONICLE

LOAD-DATE: August 4, 2006

Evidentiary Exhibit 29

3 of 174 DOCUMENTS

The Moscow Times

July 18, 2006 Tuesday

LENGTH: 858 words

HEADLINE: A Strong Contract Can Avert Rental Nightmares

BYLINE: Kathrina Szymborski, Staff Writer

BODY:

When renting an apartment in Moscow, nothing should be taken for granted -- not even access to your home, some expats say.

"A friend of mine ... had a discussion with the landlord regarding the **rent,**" wrote a user in a forum on Expat.ru, a popular **Internet** site for Moscow-based expatriates. "[They] could not come to an agreement. After a short business trip, he comes back and finds out that the locks are changed and he can't access the apartment anymore."

Although such extreme cases are rare, anyone who has traversed the city's **real estate** scene would agree: In today's market, tenants are at a disadvantage.

"It's a landlord's market," said David Gilmartin, general manager at Intermark. "It's very difficult to control it."

Steven Shone, a lawyer and the head of Cameron McKenna's Central and East European **real estate** practice, agreed. "Negotiating positions will change one day, but right now tenants are quite weak," he said. "There's a huge undersupply of livable apartments."

Given market conditions, a sound contract is a tenant's first line of defense, **real estate** experts say.

"The longer and thicker the contract, the better," said Karina Kheifetz, a partner at Evans **real estate** agency. "Contracts are a form of negotiation. You can go after the landlord if he violates it."

A standard contract should include the dates through which the agreement is in effect; the amount and dates of payment; and a description of the property, including the size, number of rooms and address. It is also useful to include the procedure under which the landlord may visit the property, full details of payment responsibilities for services such as an **Internet** connection, and terms of registration at that property. A typical security deposit is equal to one month's **rent,** with the understanding that it will be returned when the lease expires.

"People finding an apartment privately might forget the little things, like that the landlord must provide a letter of registration," Gilmartin said. "If it's not in the contract, the landlord won't do it out of good faith."

Anya Levitova of Evans cautioned that even if your landlord does register you at the property, you might not be the only one registered there.

"Right of use is separate from ownership," she said. "It's a holdover from Soviet times; you may not know who's registered there, and then a random person shows up and says, 'I have a right to live here.'"

The arrival of an unwanted roommate, however, is unlikely, Levitova said. A more common surprise is an unexpected **rent** increase.

"My landlord, who I always thought was a nice guy, came to collect the monthly **rent.** At least I thought he came for the monthly **rent,**" wrote another Expat.ru user. "Instead he simply said: 'As of tomorrow I am raising the **rent** $200.'"

Most **real estate** agents contend that a strong contract should protect the tenant from sudden price hikes. If this situation does arise, it might be enough to threaten the landlord with legal action -- although some experts say going to court doesn't always pay off.

"If you sue, you're dealing with the courts, paying lawyers, and what are your chances?" Shone said. "It's a relatively weak position expats are in."

Even if your landlord doesn't directly demand more **rent,** he might employ a more veiled method of extracting the extra cash from you.

"The dollar is falling now, and most contracts are denominated in dollars," Kheifetz said. "So landlords start fixing exchange rates or coming up with their own exchange rates, and we're seeing more and more arguments."

She suggested adding to the lease a stipulation that **rent** will be fixed to the Central Bank exchange rate on the day of payment. "That way, you put all currency risk on the landlord," she added.

While taking your landlord to court might not always be effective or worthwhile, knowledge of the law could help resolve some sticky situations.

"If the landlord sells the apartment and asks you to move out, according to Russian law all obligations of the rental contract go to the buyer," Kheifetz said. "That can be applied in court, or used as a good tool for negotiation."

If all else fails, Kheifetz and Levitova said, the tenant could consider putting a lien on the apartment, which effectively arrests the property, preventing it from being involved in any transactions. "Even the lowest level judge can do it," Levitova said. "It keeps the apartment off the market for two to three months."

Barring such extremes, tenants and landlords could find themselves in more trivial disputes: Who is responsible, for example, for fixing a broken toaster? As usual, it all comes back to the contract.

"If it's a good contract, under its terms the landlord is obliged to ensure your 'quiet enjoyment' of the property," Gilmartin said. That includes maintenance and repair of "pretty much anything that can break."

Even if everything goes smoothly throughout the rental term, tenants have one last hurdle to clear before moving out: getting back the security deposit. Some experts say there is a way to make sure you won't lose a dime.

"Just don't pay your last month's **rent,**" Kheifetz said. "Apply your deposit toward it instead."

LOAD-DATE: July 17, 2006

Evidentiary Exhibit 30

The Boston Herald

December 12, 2005 Monday
ALL EDITIONS

SECTION: FINANCE; Pg. 028

LENGTH: 450 words

HEADLINE: Landlords eye **sales** market

BYLINE: By JAY FITZGERALD

BODY:

Apartment landlords are nervously eyeing the home-**sales** market slowdown, fearing a ``bloodbath" might dump a lot of properties onto the **rental market** and force **rents** lower.

After **rents** skyrocketed in the late 1990s and early 2000s, they began to generally stabilize or even fall in some areas, as historic low mortgage rates pushed more first-time buyers into the home and condo markets, decreasing demand for apartments.

Other factors - such as the building of new college dorms and senior housing - contributed to a sluggish apartment market.

But in recent months, the home-buying market has noticeably slumped - and apartment prices have reacted with a small uptick, though not in all areas.

``In general, the (apartment) market has improved," said Tom Meagher, president of Northeast Apartment Advisors, noting area apartment **rents** increased about 0.5 percent in August over March figures.

A recent government survey pegged the average **rent** in the metro Boston area at about $1,025 per month, though that number is much higher in tony city neighborhoods such as Beacon Hill or the Back Bay.

A ``moderate" slowdown in the housing market is welcome, from the standpoint of landlords, Meagher and others say.

That would create a more stable equilibrium between the buying and leasing of home units, they say.

But if home prices fall significantly, then homeowners who have to sell - such as those who lose their jobs, have to move or can no longer afford mortgage payments - may decide just to **rent** their condos or homes. The thinking: Better to get rental income than take a guaranteed hit in a **sale.**

Already, real estate officials report that home **sales** are slowing and prices are falling in some areas of eastern Massachusetts. The median home price for the Boston area was about $380,000 in the third quarter, according to the National Home Builders Association.

``If there's a market bloodbath, then (homeowners) could turn to the **rental markets,**" increasing the supply of apartments and driving down leases, he said.

For now, a softening of the home-**sales** market should help apartment owners, said Mark Zandi, economist at Moody's Economy.com. ``The **rental market** could strengthen," he said.

``The fewer (homes) people buy, the more people may **rent,**" said Lenore Monello Schloming, a Cambridge landlord and president of the Small Property Owners Association of Massachusetts.

But, of course, lower home prices might spur some people to jump back into the home-buying market, said John Kelleher, owner of Hancock Realty on Beacon Hill, where he said apartment leases have ``firmed up" in recent months.

Kelleher said he expects home **sales** to pick up again after winter. ``I see it bouncing back," he said.

LOAD-DATE: December 12, 2005

Evidentiary Exhibit 31

9 of 41 DOCUMENTS

The Baltimore Sun

January 25, 2004 Sunday FINAL Edition

SECTION: REAL ESTATE, Pg. 7L

LENGTH: 1071 words

HEADLINE: Sky-high home prices are a boon to landlords;
Rentals: The scarcity of homes for **sale** and high prices are forcing many would-be buyers to continue renting.

BYLINE: Daniel Taylor

SOURCE: SUN STAFF

BODY:

Baltimore's **rental market** may get a boost this year from an unlikely source.

The record home **sales** that have pushed more renters to buy houses during the past three years may finally begin to help apartment owners recoup some of their lost business, experts predict.

Home prices in the region keep rising and have moved out of the reach of more renters, real estate professionals said. Also, the supply of houses for **sale** remains limited thanks to four-decade low interest rates and building constraints in most jurisdictions.

But renters, who have enjoyed tighter controls on housing costs during the real estate boom, likely will see their **rent** bills grow faster this year.

Of 70 major **rental markets,** the Baltimore metropolitan area will rank seventh in growth this year, based on an index that measures **rents** and occupancy rates. Baltimore was ranked 25th last year, according to Axiometrics Inc., the Dallas company that compiles the index.

The growth in the Baltimore **rental market** stems in part from renters being priced out of the housing market. In the Baltimore area, a stable job market and the demand for housing have created double-digit price increases for homes.

The supply of new housing has been limited in most jurisdictions out of government fears of unchecked growth. And the number of existing homes for **sale** remains about 8 percent fewer than this time last year.

"We've just had record housing production, and it's been driven by low interest rates," said Ronald Johnsey, president of Axiometrics. "We've had home prices rising, and so what that has done in some places, is make apartment housing very attractive."

Johnsey said Baltimore should expect a 3.8 percent growth this year in the index that measures occupancy rates and **rents,** compared with 1.9 percent last year. Nationally, the index figures were negative 0.1 percent last year, with predictions of 0.7 percent this year.

Axiometrics predicts that the average **rent** in Baltimore likely will increase 4.05 percent this year, having grown 2.3 percent last year to $909.57 a month. Nationally, **rents** fell 0.06 percent to $813.55 last year and are expected to rise 1.16 percent this year.

Occupancy rates are expected to stay near 95 percent in Baltimore this year. The national average is expected to fall below 93 percent.

Shelly Abrams of Baltimore toured rental apartments last week in the Inner Harbor. The Roland Park resident wants to buy a home but said she has faced difficulties in her search.

"I want to make sure I choose the right place," Abrams said. "And there's not a whole lot on the market right now."

Nationally, the **rental market** has been more sluggish in the past few years as owners of apartment buildings have had to compete with the lowest mortgage interest rates in four decades. The rates have allowed many renters to secure monthly mortgage payments that are as much or less than their monthly rental costs.

Some local rental agents said the Baltimore market has room for improvement, even though it has outperformed the nation.

"I'd say demand for renting has tapered off," said William F. Gebhardt, chief executive of W.F. Gebhardt & Co., which **rents** apartments in Baltimore. "Anytime you have low interest rates and people can buy houses so affordably, people that have been around 10 or 15 years go off and buy a house, and I can't blame them."

Jo Ann Hammond, a renter in Towson, is shopping for a townhouse and hopes to take advantage of the low mortgage interest rates, believing her monthly mortgage payments will be less than $800. Hammond hopes to buy a home for about $100,000. Her monthly **rent** is $900.

"The monthly payments on my home are expected to be much lower than the **rent** that I am paying," she said. "I made the decision ... because of the high **rent** and no return on the money that (is) going out every month for **rent.**"

The average **sale** price of a home in the region was $228,328 last month -- a 17.36 percent increase from December 2002. Average **sale** prices grew by double-digits in every month but two last year when compared with the corresponding month in 2002.

Currently, mortgage rates stand at 5.64 percent for a 30-year fixed mortgage. The 2003 average was 5.8 percent. Rates are expected to average 6.1 percent this year.

Lawrence Yun, a senior economist for the National Association of Realtors, said low mortgage rates allow renters like Hammond to buy a house.

"When rates decline, people who could not qualify to buy a home with higher rates suddenly realize they can buy a home," Yun said. "As a result, the **rental market** has suffered because many renters switch over to the low rates of homeownership, leaving behind higher vacancy rates."

Cindy Conklin, a real estate agent with Coldwell Banker Residential Brokerage in Baltimore, said increased competition among apartment owners has forced landlords like her to lower **rents.**

"A couple times, I've had to reduce the price to reflect market conditions," said Conklin, who **rents** out four units she owns on Sharp Street, near the Inner Harbor. "It's better for a landlord to take $50 less a month than to take a vacancy."

Conklin, who has rented properties for about 20 years, said she had to work harder to secure tenants given the current market.

"My husband and I bought the Sharp Street units recently, and it took three or four months to fill it up," she added. "Normally, it takes a week."

Local real estate experts said many would-be buyers decide to keep renting after finding out how much it would cost to purchase a home. Henry Strohminger, president-elect of the Greater Baltimore Board of Realtors, described closing costs that can reach into the thousands, noting that many renters have not saved enough for a down payment.

"The monthly payment is generally not the issue," said Strohminger, who also is an agent with Long & Foster Real Estate Inc. "It's all about the other costs."

Because housing has been so strong in the past three years, rental experts predict that the level of such buying can't be sustained much longer.

"It is unusual to see such a strong period for housing," Johnsey said. "We don't expect that to continue in the future."

Gebhardt, who **rents** apartments in Baltimore, sees better times ahead. "With the median price continuing to go up like this, obviously interested homebuyers won't be able to qualify eventually," he said.

GRAPHIC: PHOTO(S) / GRAPH(S), 1. Shelly Abrams looks over the kitchen of a unit at the Harbor Hill Apartments in the 400 block of W. Redwood St. The Roland Park resident wants to buy a home but said she has faced difficulties in her search.; 2. Realtor Cindy Conklin (left) shows Shelly Abrams an apartment. Many renters would buy a house but are priced out of the market.; 3. Monthly rental costs; 1.-2. JED KIRSCHBAUM : SUN STAFF; 3. SUN STAFF

LOAD-DATE: January 28, 2004

Evidentiary Exhibit 32

The Washington Post
washingtonpost.com
The Washington Post

January 3, 2004 Saturday
Final Edition

SECTION: Real Estate; F01

LENGTH: 4490 words

HEADLINE: Why Your House Will Be Worth More;
Rising Rates to Slow Some Buyers, But Forecasters Predict a Strong '04

BYLINE: Sandra Fleishman, Washington Post Staff Writer

BODY:

It's time, sadly, to say farewell to the best year ever for the housing market -- and the lowest mortgage rates in 45 years. Can it ever be so good again?

And more importantly, what's in store for you in 2004?

The prognosticators say the real estate market nationwide will sag a bit in 2004 as mortgage rates creep back up. Prices won't climb as fast or as high, and higher-end homes will sell more slowly.

But the crystal-ball gazers also promise that 2004 will come in a close second to 2003. And they agree that the Washington area will continue to outperform most of the country.

Housing prices here are likely to jump 5 to 8 percent on average this year, compared with 4 to 5 percent nationwide. And properties in close-in neighborhoods, distinguished by great schools and/or Metro access, could approach the double-digit gains of the recent past.

How can prices keep rising? Isn't there a limit to what people will fork over? Whatever happened to that pricing bubble that people worried would pop?

And, bottom line, can that ugly little house just down the block really go for more than anything on your street sold for last year?

Yes, it can. And, yes, prices will keep escalating here this year, pretty much no matter what, according to interviews with national and local housing gurus.

So, before hearing from the gurus about the details of the coming year, here are the top five reasons your house will be worth more in 2004 -- unless there's a disaster or you paid way too much:

Reason No. 1: Jobs, jobs, jobs.

"The key driver in the Washington area is that unemployment is still very low: 3.2 percent compared to the national average of about 5.9," said Doug Duncan, chief economist for the Mortgage Bankers Association.

With unemployment so low, job-seekers are flocking here from areas where jobs are truly scarce. And they need places to live.

And even more newcomers are expected, because of the belief in:

Reason No. 2: A sense that the economy is turning the corner.

As the national economy rallies, economists predict the job picture here will turn even rosier. The federal government continues to hire for homeland security needs and defense contracts. Local tech firms will bounce back and other industries will feel more confident about hiring, they say.

"Job growth will ramp up next year, and the following year will be even greater," said Stephen S. Fuller, regional economist at George Mason University.

Meanwhile, those who combined households to save money during the recession are likely to go out on their own when the economy picks up, said Duncan. The area's growing immigrant population is also expected to spur demand for rental and for-**sale** units.

All those newcomers generate:

Reason No. 3: An incredible demand for housing.

Fuller's most recent forecast estimates 61,000 net new jobs in the Washington area in 2003, 77,500 in 2004 and 84,700 in 2005. But he sees nowhere near the number of new housing units required to accommodate those new workers.

While 48,400 new units will be needed this year and almost 53,000 units in next year, Fuller expects less than 25,000 units to be built each year. The competition for housing, including pent-up demand from earlier arrivals and from those who haven't been able to move up to bigger spaces, will keep pushing prices up.

But supply can't catch up, said Fuller, because of:

Reason No. 4: Land-use constraints.

Land-use restrictions around Washington that were meant to curb sprawl and protect farmland or natural resources are pushing home buyers farther out in the suburbs or to border states, say builders, unless the purchasers are willing to pay the premium for shorter commutes.

But despite the higher prices close in, many will still want to buy rather than **rent** in the metro area this year because of:

Reason No. 5: Historically low interest rates.

With rates hovering about 6 percent, the only housing **sales** that research analyst Debbie Rosenstein and others say will be slow are the "multimillion-dollar-plus homes inside the Beltway. Those houses become a truly discretionary buy as interest rates rise."

And now for a closer look at the forecast.

Prices continued climbing last year, with 5.6 percent annualized appreciation nationwide in the third quarter of 2003 and 8.4 percent in the Washington area.

The gains were less than the 8.2 percent record jump nationally in the second quarter of 2001 and less than the Washington area's biggest increase of 12.6 percent in parts of 2002. But the upticks were nothing to sneeze at. Housing was the only engine behind the nation's recovery for much of 2003.

This year housing price growth will be slower, but still steady, say the experts.

"Someday this good market's going to be over, I'm sure, but it's not going to be [this] year. . . . I would guess that it will slow a little more -- I'm expecting 7 or 8 percent growth. . . .

"I just don't see how it can keep going forever, though, and 10, 15, 20 percent growth a year is scary. . . . I think it will stop sometime, but maybe not until 2005."

-- P. Wesley Foster Jr.

chairman and chief executive,

Long & Foster Cos.

"The driver on increased prices is just the scarcity of land. . . . You can't find the land, especially closer in to the Washington area, and it gets more difficult to get it every day."

-- Nina Goldstein

marketing manager,

Winchester Homes

"It seems reasonable to expect house prices to decelerate to about 5 percent on a national basis and into the 6 to 7 percent range for the Washington metro area."

-- David Seiders

chief economist,

National Association

of Home Builders

"Nationally, prices will rise 3 to 4 percent, down from about 6 percent in 2003. In the D.C. area, it will be a bit higher, averaging 4 to 5 percent."

-- Sung Won Sohn

chief economist,

Wells Fargo & Co.

"It's a matter of supply and demand. We've been building a lot of homes, but finding lots . . . is becoming more difficult and more expensive. Raw land prices, like those for any non-renewable resource, keep going up.

"The municipalities continue to add slow-growth techniques . . . so development takes more time and is therefore more costly. . . . Prices also go up because raw materials and labor costs continue to rise."

-- Cory DeSpain

regional senior vice president,

Toll Brothers

"Home price gains are going to remain reasonably good, but the 7 or 8 percent that they've been [nationally] for the past three years is not sustainable because they've outpaced income growth. We expect income growth and house price gains of around 4.5 percent.

"House price gains in the Washington area will continue to be stronger."

-- David Berson

chief economist,

Fannie Mae

"Home prices in the Washington area are going to be 8 to 10 percent higher in 2004, but the numbers can vary dramatically by location. The Northern Virginia market is going to be twice as strong as suburban Maryland because supply is so constrained in Maryland.

"The District is going to have substantial price escalation on ownership stock, better than the metro average."

-- Stephen S. Fuller

regional economist,

George Mason University

"It's been an exciting year in real estate. The number of **sales** have outpaced 2002 by 8.9 percent, and average **sales** prices grew at a rate of 14 percent. It was a pace that we didn't think possible.

"Condos have been the hot ticket.

"[In 2004,] we expect **sales** will be 5 percent slower because of the interest rates. . . . But we said that in 2002 about 2003 and look what happened."

-- Esther Pryor

2003 chairman,

Northern Virginia

Association of Realtors

"2003 was the most active year I've ever seen in real estate in D.C. and Montgomery County. Average prices for single-family homes climbed about $50,000 in the District, and median prices rose from $275,000 in November 2002 to $330,000 in November 2003. . . . Median prices for condos rose from $224,000 to $260,200.

"In Montgomery County, median prices for single-family homes went from $285,500 to $329,000. Condo prices over the year were rather flat, up about $20,000 overall during the year. They went from $139,990 in November 2002 to $178,000 in November 2003.

"High-end houses are staying on the market longer, maybe twice as long as before. But they're still moving. Instead of 20 days, it's taking a month or two.

"We anticipate 2004 will be the second best year in the housing industry for the District and Montgomery County."

-- James K. Kneussl Jr.

2004 president,

Greater Capital Area

Association of Realtors

"We expect 2003 to be a banner year. . . . Inventory was lower than in 2002 and demand continued, at higher levels. As a result we've had a much tighter market than we've ever had.

"Median prices for a single-family home grew from $177,500 to $194,500 over the year, and median condo prices went from $87,000 to $100,000.

"We expect to see continuing demand, and a tighter market here because a lot of people are fleeing the more expensive markets."

-- Connie M. Stommel

2004 president,

Prince George's County

Association of Realtors

"House prices will continue to appreciate, but at a slower pace. We expect growth of around 4.25 to 4.5 percent. . . . If you segment the market, the area that will see less price appreciation is the high end. . . . We're watching that market segment to see how changes in the tax laws affect them."

-- Doug Duncan

chief economist,

Mortgage Bankers Association

"The market is going farther and farther out -- to Winchester, Culpeper, Warrentown and Hagerstown. There's just much more looking for lots.

"You can't generalize about price appreciation inside the Beltway versus outside. It truly depends. Inside the Beltway is where the appreciation is always better, but in, say, Loudoun County, where there are constraints on development, there is also good appreciation."

-- Debbie Rosenstein

analyst,

Rosenstein Baker Associates

"We see single-family home values up 6 percent in 2004. We don't project on a metro area basis, but we'd expect it to be better than 6 percent in the Washington area because of strong market fundamentals."

-- Frank Nothaft

chief economist,

Freddie Mac

"The suburbs are no different. Prices are going up significantly everywhere. There's no way you can go farther out and escape the prices these days."

-- Florence L. Daniels

director at large,

Northern Virginia Association

of Realtors

"If you restrict the supply, as is the case in certain markets, and certainly in D.C. . . . you as a home buyer can almost see the price move up. . . . Foremost on anybody's list of why prices will rise is the issue of available product, of supply and demand. This is economics 101."

-- Robert Curran

home builder analyst,

Fitch Ratings

"Building and maintaining affordable housing for the District's low- to moderate-income residents is a tough battle. But we've managed to leverage public dollars to get development projects in fiscal year 2004 that will build or rehabilitate approximately 1,058 units of long-term affordable housing."

-- Stanley Jackson

director,

D.C. Department of Housing

and Community Development

When 30-year mortgage rates dropped to 5.21 percent and 15-year rates fell to 4.60 percent in June, people thought they were in paradise. While rates seesawed a bit for the next six months, they settled in near 6 percent and 5.2 percent respectively at year's end, still low compared with past decades.

"We believe the Fed is going to stay on the sidelines until at least August. . . . We see the 30-year rate going from 6 percent now to 6.5, 6.7 percent by December 2004, which is still a very good rate."

-- Doug Duncan

chief economist,

Mortgage Bankers Association

"The 30-year rate will be in the 6.5 to 7 percent range by the end of 2004.

"The Federal Reserve won't raise the rate until late 2004 or early 2005. The central bank will have to have very good economic justifications for hiking the interest rate in an election year."

-- Sung Won Sohn

chief economist,

Wells Fargo & Co.

"By the end of the year, we expect 30-year rates no worse than 6.25 percent."

-- Frank Nothaft

chief economist,

Freddie Mac

"We see mortgage rates averaging 6.1 percent in the first quarter, 6.3 percent in the second, 6.5 percent in the third and 6.7 percent in the fourth quarter. . . . We think the Fed will do nothing until after November."

-- David Seiders

chief economist,

National Association

of Home Builders

"Being a election year, I think that they're going to want a strong housing market, so they're going to keep the rates down."

-- Dee Minich

senior vice president

of **sales** and marketing

for the Southeast region,

Washington Homes,

a division of K. Hovnanian

2003 is expected to set the record of all records for home **sales,** with more than 1 million new homes and 6.07 million existing homes sold.

"We expect **sales** to fall in 2004, in part because of interest rates ticking up and in part because some people might have bought ahead because of the low rates in 2003. We see **sales** at about 6.6 million, which is where we were two years ago."

-- Doug Duncan

chief economist,

Mortgage Bankers Association

"We're projecting 1.084 million home **sales** for [2003] as a whole, the first time we've crossed the million-unit threshold, an increase of 11 percent over 2002's record. . . . In '04, we expect **sales** to be 1.046 million."

-- David Seiders

chief economist,

National Association

of Home Builders

"Home **sales** [nationally] in '04 will decline about 5 percent from its record pace [in 2003]. Higher mortgage rates are the primary reason. Affordable homes will sell well, but expensive homes won't move well. Nevertheless, the level of home **sales** will be very high historically, supported by improving income and employment.

"Home **sales** in the Washington area will be stronger than the U.S. average because the underlying economic conditions here are stronger. Still, home **sales** will fall by 2 to 3 percent from the red-hot pace of 2003.

"We see housing starts falling about 5 percent."

-- Sung Won Sohn

chief economist,

Wells Fargo & Co.

"We expect housing starts to come down a little bit in 2004 because we can't maintain the level of close to 2 million units. We think starts in 2004 will be about 1.7 million units, about the same as in 2002, which was a great year.

"Home **sales** will drop . . . to about 6.9 million in 2004. . . . We think we'll see increasing housing affordability issues in the coming year, but as an offset we think economic growth will be quite robust . . . and that will help to push the unemployment rate down and to push family income growth up. . . . In March and April, as families file their 2003 tax returns, they may be getting larger refunds. . . . That may also help to alleviate the pinch."

-- Frank Nothaft

chief economist,

Freddie Mac

"Buyers will still have to put two and three offers to get the home of their choice because there are still not enough houses. We just put a house in Alexandria into the computer at 5:30 in the morning, and by 9:30 we got a call from an agent and by 1 o'clock we had a contract. But those people had already written four unsuccessful offers. . . .

"Even a year that's 95 percent [of 2003] will still be phenomenal."

-- Florence L. Daniels

director at large,

Northern Virginia Association

of Realtors

"We expect home **sales** to fall by somewhere around 5 percent, so it would be the second strongest year ever. In the Washington area, because of strong job growth and immigration, if we do see any declines in home **sales** it will be less than other areas, and it may be one of those areas that sees an increase in home **sales.**"

-- David Berson

chief economist,

Fannie Mae

Rooms for family and friends continue to trump formal spaces, but houses seem to have stopped getting bigger every year.

"The average size of a new house has stabilized at 2,320 square feet over the last three years, and we expect it to remain in this range in 2004. . . .

"The biggest change over the last few years is that nine-foot or higher ceilings are becoming a standard feature in the average home. It had been eight feet.

"Median lot size is also declining because of growth controls. . . . The median lot size is just below 9,000 square feet. It's dropped slowly in the last 10 years, from 10,000 square feet.

"People want more special features and more quality, such as high-end appliances and structured wiring known as 'CAT 5' wiring. Also, everybody wants low-maintenance materials.

"Larger kitchens adjacent to family rooms are getting more emphasis. And bathrooms are getting larger, with upgraded features. . . . Living rooms are disappearing or shrinking.

"The number one priority, when we ask for specialty rooms, is a laundry room. . . .

"Heated flooring is coming, for the upscale market. . . . And heated driveways too, where you push a button and it melts the snow."

-- Gopal Ahluwalia

director of research,

National Association

of Home Builders

"Houses are still getting larger, and some of the trends that we're seeing involve conveniences that people want. . . . We're getting requests for larger mud rooms for families, and for organization spaces . . . in garages and laundry rooms. We've just recently started offering valets and drying closets in laundry rooms.

"The other big thing for us is customization. . . . Customers are very definite about what they want these days."

-- Nina Goldstein

marketing manager,

Winchester Homes

"People are putting a lot of options in their homes. With interest rates so low they can afford to, they'd just as soon do it now in their mortgage instead of waiting and doing it later.

"We don't expect that to change, if rates stay low as expected. But it depends on how much the rates go up.

"People are putting a lot of money in their kitchens, in granite counters, upgraded appliances, stainless steel. They're even asking for things we don't sell, like . . . warming ovens.

"They're also putting a lot of money into their floors. We have new options for Brazilian cherry floors.

"The biggest thing is that people are watching all the television shows on remodeling and going to the Home Depot Expo [Design] Centers and [Sears's] Great Indoors stores and our design centers, and they know what they want."

-- Dee Minich

senior vice president

of **sales** and marketing,

Southeast region,

Washington Homes,

a division of K. Hovnanian

The fix-it market continues to grow, fanned by money from refinancing and by the desires of those who can't find move-up houses.

"We're projecting $214 billion will be spent on home improvement in 2003, an increase of $50 billion from 2002. For 2004, we're projecting about 5 percent growth because the interest rates are not as great and we expect a tremendous drop in refinancing."

-- Gwen Biasi

director of marketing

and communications,

National Association

of the Remodeling Industry

"People we see are getting rid of living rooms but keeping the dining rooms and making them much bigger so they can entertain family and friends.

"They want the family room, the master bedroom, the master baths and closets. . . . Adding a laundry room with cabinet space and a folding table also seems to be very popular. Most of the people we work for have three or more children, so getting the dirty clothes closer to where they'll be put away is a high request."

-- Tom Gilday

vice president,

Gilday Design and Remodeling

"2003 was actually a little slower for growth in remodeling activity than 2002. The growth rate in 2002 was 10 percent, the highest annual rate in some time. In 2003 it was about 61/2 percent. . . . We think people might have stopped pulling out as much equity in their houses because maybe they'd taken out all that they'd wanted to and they were a little bit nervous about being overextended.

"Because of low interest rates and cash-out refis, there has been a lot of activity at the higher end of the market, more than in the lower end. This cycle has been kind of backwards because of the low rates. Generally in a recession people aren't spending money, but they were. . . . Now we think there will be more of a return to the basics, more lower-end and mid-level kitchens and basements and more spending on replacement items by middle-income and lower-income households who didn't really participate before.

"We think growth will be about the same in 2004 as in 2003. Spending was about $250 billion in 2003, and we expect about $265 billion in 2004."

-- Kermit Baker

director,

Remodeling Futures Program,

Harvard's Joint Center

for Housing Studies

"The market is still very strong, and we don't see that changing. There may be a difference in the size of projects being undertaken because of the interest rates going up.

"It will still be hard to get a remodeler. Most professionals have a six-month to a year backlog. But that gives you time to do the design and select the materials, so it usually works out fine.

"Kitchens, family rooms and master suites are still big items. . . . Also some clients are thinking more about elevators, not putting them in today but building in a chase [chute] to be converted at a later time. People who want to stay in the area as they get older are really, really thinking about that."

-- John Coburn

vice president,

Bowers Construction Group Inc.

"The No. 1 requests we get are to put additions on or to remodel to accommodate elderly parents. . . .

"Parents with school-age children are asking for a study room right off the kitchen and family room. A lot of newer homes are being built this way. They also want the room wired to the hilt, so the kids can do their homework while the parents are making dinner.

"Screened porches are being asked for quite a lot. Part of it is the mosquito/West Nile thing, because sitting out on the patio getting bitten by mosquitoes isn't something people want to do. But we're also seeing beautiful detail work in porches, ceramic floors and a new level of sophistication.

"Because of the huge escalation in house value, people have a lot of equity in their house and they want to use it. . . . But rather than go through the hassle of moving, they're staying and renovating to get exactly what they want."

-- Steve Larsen

owner,

Larsen Design/Build Associates

"We're projecting about $182 billion of residential remodeling activity in 2003 and $192 billion in 2004."

-- David Seiders

chief economist,

National Association

of Home Builders

The local **rental market** remained flat in 2003 as renters continued to jump on low interest rates to become owners. To win tenants, some landlords offered free **rent** and other lures. In fear of a glut, some high-end apartment builders in the District converted projects to condos.

"As the economy picks up, we see a gradual improvement in the **rental market,** Young people who are rooming together or living with parents will have the financial resources to go out and **rent** their own place. Stronger economic growth may bring in additional legal immigration, and [they] start by renting."

-- Frank Nothaft

chief economist,

Freddie Mac

"With the upturn in the economy, we project that **rents** will go up and that the market won't be as soft. The luxury market is seeing the most vacancies. But there must be a need for luxury rentals because everybody's building them."

-- Katie Sorota

Montgomery Count

outreach specialist

for Southern Management Corp.

"People moving here tend to have owned houses other places and bring equity with them. Other cities attract renters; we attract buyers."

-- Stephen S. Fuller

regional economist,

George Mason University

"We did see **rents** slide, but the vacancy rate for the Washington metro area at year's end 2003 was only 3.2 percent, the lowest in the United States. In 2002, that number was 2.8 percent.

"We sure built a lot of units in the District, but we didn't get a huge rise in vacancies because, lo and behold, we had a lot of tenants come in, and that sure surprised me. The vacancy rate in the District at year's end was 2.1 percent, down from 3.0 percent a year ago. That's because a lot of product switched from rental to **sale.**

"Rents did soften because so many units were available. . . . Metrowide, Class A **rents** were up 2.5 percent over 2002. In the District, they were down 7.8 percent. In Maryland, they increased 4.8 percent, and in Virginia they were up about 2.2 percent.

"Just like the highest-price houses . . . the high-end apartment market has gone dead. . . . It's hit the District hardest, because that's where most of the highest-priced units are.

"The conversion of units from rental to condo, though, has had a positive side. . . . It's kept the vacancy rate lower than it would be and it's keeping the pipeline of new product lower. The pipeline for new rentals is 1,000 units less than it was a year ago. . . .

"Over the next several years, we see the vacancy rate remaining more or less in the 3-plus percent range, which will remain the lowest vacancy rate in the U.S. The national vacancy rate for Class A and Class B apartments is about 7 percent. . . .

"We see metrowide **rents** continuing to chug up at 2 to 4 percent."

-- Gregory H. Leisch

chief executive,

Delta Associates

"We did see a lot of people moving out to buy homes throughout the price ranges, but we were able to fill those vacancies. . . . Our **rents** were up slightly for the most part, though certain submarkets -- including Prince George's County and Northern Virginia -- were flat to up just a little bit.

"We have changed from rental to condo on three projects, and that's something we've noticed happening elsewhere. But we do expect to deliver four rental buildings during 2004, and our marketing lists are fairly extensive . . . so we expect them to lease up fairly well.

"We expect **rents** to be flat or up modestly in 2004.

"A lot of people are concerned with the number of units being delivered in downtown Washington in 2004 and 2005, but if you take it in the context of the whole metro area, which has around 350,000 units, the number is very small."

-- Stewart Bartley

managing director,

JBG Cos.

"2003 was not a great year for the **rental market. . . . Rents** were down probably 4 to 5 percent, half of that in vacancies and half in concessions [such as free month's **rent** deals]. . . .

"The bad market was driven by a bunch of stuff: There was not nearly as much job growth, there was a lot of [apartment] production and there was an active condo market in the District that was all of a sudden competing directly with urban rentals.

"In 2004, my own view is that an awful lot of would-be rental projects are going to convert to condos. There will be an awful lot of for-**sale** product out there, but the markets for both rental and condos are still strong. . . .

"I'm very bullish on the downtown over time, but 2004 will be an ugly time downtown because there are so many units coming on at the same time."

-- Stanley Sloter

chief executive,

Paradigm Cos.

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Evidentiary Exhibit 33

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The Washington Post

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Final Edition

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HEADLINE: What's on the Horizon?;
In One of the Nation's Strongest Markets, a Stable Year Awaits the D.C. Region

BYLINE: Daniela Deane, Washington Post Staff Writer

BODY:

It's the season for looking forward, for asking questions about the future.

So what's ahead for the real estate market, which has just finished its most robust year ever, propping up an otherwise sickly U.S. economy? Low mortgage rates led to record home **sales** and mortgage refinancing volume.

It was such a strong year that the big question is whether it can last, or whether the housing market has become a bubble, a la tech stocks.

Now, prospective home sellers ask, "Is the market going to crash? Should I sell my house before it does?"

Home shoppers ask, "Should I buy now, or wait?"

And those with no plans to buy or sell ask, "Should I refinance my mortgage, or will interest rates go down even more?"

So, we turned to the experts for some answers -- housing economists, builders and others who closely follow the industry in the Washington region and nationally.

Their comments were surprisingly uniform -- they do not predict any drastic collapse. Interest rates will likely edge up over the year, they predict. House prices will continue to rise, from 2 percent to 6 percent, but not as steeply as they have been. **Sales** will slow, but remain high. The Washington area market will remain one of the nation's strongest.

"The good news is that housing is not falling off the chair," said Sung Won Sohn, chief economist at Wells Fargo & Co. "Yes, there will be some contraction, but we've been saying that for a long time."

Of course, nobody knows for sure what is going to happen. There were few economists a year ago who were willing to predict that the real estate market in 2002 would be as strong as it was while the rest of the economy slumped.

But right or not so right, here is what the trend-watchers think, in their own words:

House prices escalated through much of the country for much of the year, with the most recent federal statistics showing that prices in the third quarter were up 6.16 percent, compared with a year earlier.

"Price increases will slow down quite a bit. They already have. But we don't expect to see, except for in a few peculiar situations, any downward pressure on prices. There are probably still some adjustments to be made in Silicon Valley.

"We see house prices rising between 3 and 4 percent [this] year.

"Here in the Washington area, though, if things don't slow down, we may have a bubble developing. At this point, there is still a lot of upward pressure on prices in the Washington metro area. Demand is still strong. We see price increases here [this] year, but not as much as last year."

-- Michael Carliner

economist,

National Association of Homebuilders

"Home price gains will moderate. We can't continue to see appreciation rates of 7-8 percent. They'll be more like 4-5 percent nationally. It's very, very unlikely that there will be some tremendous drop in prices.

"The D.C. area has had much stronger appreciation rates than the rest of the country. They were basically catching up because of slower growth than average in the mid-'90s. Gains will slow here, but we expect Washington home price gains to remain above the national average."

-- David Berson

chief economist, Fannie Mae

"Housing prices will continue to rise, but at a much slower rate in the Washington area. Some sub-markets will soften though, those where people paid way too much for their houses last year. Like Loudoun County. They had an enormous price increase in 2001 -- 22 percent. Prices went up way too fast there. They may fall some."

-- Stephen S. Fuller

regional economist and professor of public policy, George Mason University

"The increase in home values will continue in D.C. [this] year as demand for homes in D.C. stays high. The bubble won't burst."

-- Dale Mattison

president,

Greater Capital Association of Realtors

"The 2003 real estate market will look like the 1997 market in terms of home price appreciation and **sales** -- 1997 was the fourth best year on record, though. We're in for a slow leveling off. Supply and demand will balance out."

-- Patrick Jablonski

chairman, Northern Virginia Association of Realtors, and an agent with Better Homes Realty Inc.

"House prices will rise between 2 and 4 percent nationally. It'll be a pretty significant slowdown. In Washington, the rate of increase in house prices will certainly slow. Government revenues are not going up as rapidly as they used to. And there will be some break in government spending in the future."

-- Sung Won Sohn

chief economist, Wells Fargo & Co.

"Home prices are going to slow down. They have already. But we're not looking at any collapse in home prices. But they can't go up faster than income. We're looking at a 4-5 percent rise in prices [this] year."

-- David Wyss

chief economist,

Standard & Poor's Corp.

"We're forecasting a moderating of prices. We're forecasting prices will go up in the 4-5 percent range on a national basis."

-- Van Davis

president and chief executive,

Century 21 Real Estate Corp.

"House prices will moderate. There will still be positive growth, but it'll be in the 3-5 percent range."

-- John Silvia

chief economist, Wachovia Corp.

"We see both prices and **sales** rising in Prince George's County [this] year. They're increasing because we still have affordable homes and buyers are increasingly looking for something affordable."

-- Connie Stommel

president-elect, Prince George's County Association of Realtors, and an agent at Re/Max100 Real Estate

Mortgage rates hit their lowest levels in about four decades last year; as of this week rates averaged 5.85 percent for a 30-year fixed-rate loan, according to Freddie Mac.

"I expect a gradual upturn in rates. We have 30-year fixed rates going to 6.75 percent by the third quarter and ending the year at 6.85 percent."

-- John Silvia

chief economist, Wachovia Corp.

"Rates are going to stay reasonably low and fairly attractive. We see a gradual rising throughout the year. That's one of the factors that will hold back the rate of increase in house prices. We think they'll rise to about 6.5 percent [this] year and end the year closer to 7 percent."

-- Sung Won Sohn

chief economist, Wells Fargo & Co.

"We see a modest rise in rates [this] year. Once the Fed [Federal Reserve] is certain about sustained economic growth, they'll start to tighten [short-term rates]. Not too sharp, but perhaps 100 basis points [1 percent] over the year. Thirty-year rates are now around 6 percent. We'll be surprised if they're over 6.5 by the end of 2003. Refinancings will fall off as rates go up."

-- David Berson

chief economist, Fannie Mae

"We're expecting rates to stay low through the early part of the year, probably moving up toward the end of the year. We're predicting an average of 6.3 percent for the year, probably 6.5 percent by the end of the year."

-- David Wyss

chief economist,

Standard & Poor's Corp.

"Interest rates will stay low. They won't go up dramatically."

-- Stephen S. Fuller

regional economist and professor of public policy, George Mason University

"In the first and second quarters of 2003, we think rates will be in the 6.2-6.3 range. Then we believe the Fed [Federal Reserve] will act, probably increasing [short-term] rates by 100 basis points [1 percent]. By the fourth quarter of [this] year, we believe rates will average about 6.8 percent. Our prediction is just a bit higher than others. It's based on

our belief that the economy will pick back up. Rates go up when the economy gets better because demand for capital investment increases."

-- Doug Duncan

chief economist,

Mortgage Bankers Association

"Our best guess is that interest rates will be moderately higher as the year progresses. We don't appear to be in any grave danger of sharply rising mortgage rates. As the year progresses, the economy should improve in a broader fashion and that should start to lift rates a little bit. The 40-year lows we saw [last] year are not likely to remain with us for very long."

-- Keith Gumbinger

HSH Associates,

financial surveyors and publishers

"I absolutely never answer that question, but since you insist, I'll try. I don't think rates will go significantly lower than they are now. But I don't think they're going to go up much for a while unless something radical happens politically. There's really nothing to make them go up.

"People ask me this all the time. 'What's going to happen? Will rates go up? Will they go down?' Interest rates are absolutely fabulous now. Everybody who hasn't refinanced should be refinancing."

-- Carrie Staples

mortgage broker,

Sigma Financial, Great Falls

"No one has a crystal ball, but I think rates will probably stay in the same range for at least the first quarter of [this] year as the economy continues to try and dig out.

"When the stock market rebounds, rates will go up. But I don't see that happening in the first quarter of the year. But remember, nobody knows what's going to happen."

-- Steve Calem

senior mortgage banker,

Washington Savings Bank

Americans continue to buy houses that are lavish by historic standards.

"Houses are going to get just a little bit bigger. We're already well over 2,000 square foot for the average house. That's an awful lot for 2.5 people, which is the average number of people per household. But still, houses will get bigger.

"The increased space comes in a few places. Houses have more and more bathrooms these days. Practically no houses will be built with only one bathroom, as they were in the 1970s.

"There will also be more closet space. And master bedrooms are no longer just bedrooms. They're suites now and they'll get even bigger. We're putting a lot of that extra space in the master bedroom suite. In upper-end houses, the master bathroom is as big as the bedrooms were in older big houses.

"Living rooms will continue to shrink and disappear. We're hearing more builders doing away with living rooms altogether. As they hear that other builders are having success selling houses without living rooms, they're doing it, too.

"Family rooms and kitchens are also getting larger.

"We're seeing more technical stuff in the house. More houses are pre-wired for computer hookups and multiple phone lines."

-- Stanley Doubinis

director of forecasting, National Association of Homebuilders

"People are looking for media rooms and home theaters. They also want more customization, like sunrooms, conservatories, finished rec rooms, bars downstairs. Usually they would wait to do these things themselves. Now, with rates so low, they're just getting us to do it. These low rates means they can roll it all into their mortgages.

"Customers want open foyers again and open two-story family rooms with big stairs and often a second set of stairs from the kitchen."

-- Geaton DeCesaris

chief operating officer,

K. Hovnanian Cos.

"Ceilings are moving up. The eight-foot ceiling is vanishing. Now they're all nine-feet tall and more.

"The kitchen is getting more and more counter space, more cabinets. And every kitchen has a central island. Before that was just for upscale homes. Now in the average home, you're going to see more and more central islands.

"With materials, the trend is toward maintenance-free products."

-- Gopal Ahluwalia

director of research,

National Association of Homebuilders

"We continue to see an exceptionally strong demand for one-floor condominiums from empty-nesters. Big condos, 1,400 square feet and larger. We're also seeing people buying two condos and combining them."

-- Tom Bozzuto

chief executive, Bozzuto Group Inc.

"High ceilings are popular in kitchen-family room additions and so are high windows. They both give a feeling of added space. So, cathedral ceilings, coffered ceilings and tray ceilings.

"In bathrooms, separate tubs and showers, Jacuzzi tubs, and toilets that are separated from the main bathroom with a pocket door. Hardwood floors are also becoming more popular in bathrooms. About 20 percent of our clients put hardwood in their bathrooms now.

"People are also getting very serious about their plasma TVs. We're designing around the television and sometimes we get the input of a multimedia person to advise us on speaker placement, where to put the furniture and the like."

-- John Coburn

principal, Bowers Construction Group, McLean

"We're going to see more three-car garages, more home offices. We'll see a continued shift away from living rooms and the trend toward more informal, practical specialized space will continue."

-- Michael Carliner

economist, National Association of Homebuilders

So what's up with the fix-it market?

"2002 was not a good year for remodeling. It was the worst year for this cycle. When the economy goes down, remodeling usually goes down a lot further. In the third quarter of 2002, there was a 3.3 percent growth in remodeling year to year.

"[This] year, we're expecting it to pick up, about 5 percent for the year. As we see the economy improve and fundamentals stay solid, there's nowhere to go but up."

-- Kermit Baker

director, Remodeling Futures Program, Harvard's Joint Center for Housing Studies

"I think remodeling will be good in the Washington area in 2003. Homeowners have a lot of equity and interest rates are low.

"We have between $ 1.5 million and $ 2 million worth of backlog now. It's not as big of a backlog as it was a year ago, though.

"We're seeing a trend toward smaller projects. The $ 500,000-$ 700,000 projects are coming up less frequently. The projects tend to be more modest now. Some of the people who would do the bigger projects are holding back now; they're feeling more conservative because the stock market is not as robust."

-- Bruce Wentworth

Wentworth Levine Architect Builder, Silver Spring

"[This] year should remain positive for remodeling. I think with interest rates staying low, we will be in a productive environment. There's no prevailing fears among remodelers. Everyone feels pretty positive about the future.

"We're not just order takers anymore, though. We have to use our **sales** skills now. Two years ago, it was hard to keep up. You have to work for your nickel now, but it's still there. It's been a reality check.

"I have a four-month backlog now, but it went all the way up to eight months earlier.

"It's a more positive environment for consumers. But they still need to do their due diligence before picking a remodeler. Don't go in the wrong direction."

-- Bob Gallagher

president, Washington area chapter of the National Association of the Remodeling Industry, and partner in Sun Design Remodeling in Burke

"If rates stay where they are, remodeling will stay very active in this area. If rates increase, that'll make remodeling a little less affordable. About half of our clients finance their remodeling projects through home equity lines of credit. The remaining use traditional construction loans. All are dependent on interest rates.

"People certainly aren't doing the million-dollar renovations as frequently. Project size has leveled off. People's mutual fund portfolios have taken hits. So it's a balancing act between lowered portfolio performance and good interest rates.

"Everyone is concerned about the economy now, but you just can't beat these rates."

-- John Coburn

principal, Bowers Construction Group, McLean

"There will be more remodeling activity in 2003. The increases in home prices encourages remodeling. And since we've seen very high rates of existing home **sales,** that makes for more remodeling, too. People tend to remodel right after they move in. Because some people had trouble getting remodeling jobs done, there's a pent-up demand there."

-- Michael Carliner

economist,

National Association of Homebuilders

Home **sales** and home starts are on track to set annual records in 2002, topping the previous records set in 2001.

"No growth in housing starts [builders beginning construction]. And a slowdown in existing home **sales.** Both of them flat for the year."

-- John Silvia

chief economist, Wachovia Corp.

"We're going to build more houses [this] year than we did in this area [last] year. [In 2002], we built about 1,800 homes. This year, the number will be more like 2,200."

-- Geaton DeCesaris

chief operating officer,

K. Hovnanian Cos.

"Housing starts will be down a little bit. It's hard to keep the pace we've had. We don't have a lot of pent-up demand for new housing. After a recession, you usually have a lot of people who didn't buy and now want to. But we didn't really have a recession in housing. So we don't have the potential to unleash that additional demand that we normally would at this stage in the economic cycle. So housing starts will be down about 3 percent [this] year over last year."

-- Michael Carliner

economist,

National Association of Homebuilders

"Housing starts will be down [this] year even though the level of homebuilding activity will remain fairly high. The composition of the homes builders are building will change, though. They're going to be building more affordable homes as opposed to just expensive homes. Expensive homes aren't selling as well, so builders are going back to more affordable homes.

"Home **sales** will slow as well after reaching a record [in 2002]. Existing home **sales** will go down slightly because of higher mortgage rates and sluggish economic conditions."

-- Sung Won Sohn

chief economist, Wells Fargo & Co.

"We're looking for a drop-off in housing starts, mostly in the second half of the year as mortgage rates creep up.

"**Sales** of existing homes will also drop a bit from last year, but will still be very strong.

"At some point, everyone already has a home."

-- David Wyss

chief economist,

Standard & Poor's Corp.

"**Sales** won't be as good as last year, neither new homes or resales. We won't break the records of last year. Increased rates are going to take some energy out of the housing market. But the economy is going to be in better shape and that will counteract some of that softening in rates. So increased rates will not be as important as they would've been [in 2002]. There's no big bubble in housing."

-- Stephen S. Fuller

regional economist and professor of public policy, George Mason University

"We'll see a slight moderation in existing home **sales,** maybe down up to 1 percent. It'll still be a pretty strong year for new construction."

-- Van Davis

president and chief executive,

Century 21 Real Estate Corp.

"For single-family housing starts, we're projecting a 2.5 percent drop. In multi-family starts, it'll be more like a 7 percent drop. The decline in **sales** will be pretty moderate: 3 percent for new-home **sales** and 4.4 percent for existing-home **sales.**"

-- Doug Duncan

chief economist,

Mortgage Bankers Association

"There will be no increase in home **sales** [this] year. We're probably looking at a 2-3 percent fall-off. But still, it'll be the second- or third-highest level ever."

-- David Berson

chief economist, Fannie Mae

The **rental market** loosened somewhat in 2002, with landlords vying for tenants by offering free **rent** and other inducements in some neighborhoods. Among the reasons: Tenants were becoming homeowners at the same time that lots of new apartment buildings were opening.

"We're expecting a pretty steep climb in the vacancy rate in the District, not much of a change in Northern Virginia and a bit of an uptick in suburban Maryland.

"**Rents** have already slid 3-4 percent in Northern Virginia. We think they'll remain relatively stable over the next couple of years. Suburban Maryland still has a bit more to go in this correction. We'll probably have a 2-3 percent decline in **rents** in suburban Maryland before they stabilize.

"The District will have the worst slide. What you get that you shouldn't get, you'll eventually have to give back. **Rents** went up 14 percent in one year in the District. We see a decline of as much as 5-8 percent in **rents** in 2003 in the District.

"It's not a matter of people not wanting to live in the District, quite the contrary. The trend of wanting to live in the center of the city is only growing. But there's just too much product vying for those who can afford class A apartments.

"And because real estate is a commodity, just like corn, when we have too much, prices drop.

"The rental pipeline has shrunk, though. At one point, we had 25,000 units being planned for the whole metropolitan area. That's gone down to about 21,500. Some projects have been delayed; some have been turned into for-**sale** condos; some projects have just been put on hold.

"It's better times for tenants, more of a tenant's market. For many, many years, it's been a landlord's market."

-- Greg Leisch

chief executive,

Delta Associates, a research firm

"We see modest improvement in occupancies throughout the year with significant improvement by year-end.

"The **rental market** has softened, but we think it'll get better from the landlord's point of view. By the end of the year, we'll be seeing job growth again. And it's hard to believe interest rates will be as low as they've been. Both of those factors have contributed to the softening we've seen in the apartment market.

"There will be some sub-markets where you will see further softening. Downtown Washington will be the most acute because of the volume of new apartments being brought into the market there. The situation down there is a little scary.

"The Northern Virginia **rental market** has had the most trouble. We're seeing some of those apartment projects being converted to condos. I believe that job growth should help that market tighten up by year-end."

-- Tom Bozzuto

chief executive, Bozzuto Group Inc.

"The **rental market** will be pretty similar to last year's, which is to say, a pretty good time to be a renter. Renting is a much better value compared to ownership than it was two years ago because **sales** prices have increased a lot while effective **rents** [taking concessions into account] are lower.

"There's a lot of cranes in downtown D.C. right now. It's great for the city because a residential neighborhood will be established there. But there's a lot of new product. Downtown Bethesda will also see a bunch of new deliveries [this] year.

"There's the perception that Northern Virginia is starting to pull out of the cyclical trough. It hit bottom earlier in 2002, and people are hoping that 2003 will be a stronger year there.

"In 2001, occupancies were running about 98.5-99 percent. Now they're at 93-94 percent. So concessions by landlords are there. Some communities are even offering two months' free **rent.** We've got concessions in certain sub-markets, like the I-270 corridor in Maryland and in some communities in Northern Virginia.

"When will the **rental market** pick up for landlords? It all depends on job growth and the economy. When job growth picks up, the **rental market** will be about 3-6 months behind it. It's probably never been a better time to be a renter in this area."

-- Matt Birenbaum

regional vice president for development, Avalon Bay Communities

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San Francisco Chronicle

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Bay Area **rents** drop as home prices rise

SOURCE: Chronicle Staff Writer

BYLINE: Kelly Zito

BODY:
You could say the Bay Area housing market has a kind of split personality these days.

While the median home price in the Bay Area vaulted to a record $402,000 in April, **rents** in many counties have fallen precipitously and landlords are tripping over themselves to fill vacancies.

Economists say the divergence isn't unprecedented -- it also happened in 1988 after the stock market crash sent people fleeing to invest in real estate -- but it is unusual.

While the **rental market** seems to be behaving normally, given the sour economy and hordes of layoffs, the perky home market appears to be defying economic and common sense.

Granted, that situation could change drastically if interest rates inch up, but for now, it appears the two markets are content to move in opposite directions.

"This is an anomaly," said Michael Carney, professor of finance and real estate at California State Polytechnic University at Pomona. "Typically, they move in the same direction."

No one has seen that more than Hermann Schmid, owner of Peninsula Homes in San Carlos. One half of his firm -- the home selling and buying part -- is doing fine. The rental half isn't.

Recently, Schmid lowered the **rent** on two empty three-bedroom townhouses in Redwood City from about $3,500 to $2,700. One unit has been vacant for several months, ever since the tenant lost his high-tech job at a local travel company and moved back to England.

Meanwhile, multiple offers have come in for the properties listed with Schmid's tiny brokerage.

"It's surprising," Schmid said. The home **sale** market "didn't drop off like one might have thought, taking into account the employment situation. But the **rental market** is way down."

"I'm basically feeding my rentals, or putting money into them, right now," he added.

According to Carney and his peers, the Bay Area isn't the only market recording upbeat home **sales** and prices. But the phenomena is striking, given this is the epicenter of the high-tech meltdown.

"We've seen similar bounces in home **sales** across the country, but it's kind of surprising or intriguing to see it in the Bay Area, which has been hit harder by the recession," said Mike Bazdarich, director of the UC Riverside Forecasting Center.

BOOM MENTALITY

"It's a tribute to how strong the boom was in the late 1990s and early 2000. It gave people some money in the bank and gave them that boom mentality," he said.

Between the first quarter of 2001 and the same period this year, the median home price in the Bay Area edged down a little more than 1 percent -- from $381,000 to $376,000, according to DataQuick, a real estate information service.

(The median is the point where half the houses sold for more and half sold for less.)

By comparison, the Bay Area **rental market** dove about 17 percent -- and much more in some counties -- during the same period, according to RealFacts, a Novato research group specializing in multiunit housing complexes.

Industry watchers point to the confluence of several events, including low interest rates, deferred demand for housing after Sept. 11 and a curious but critical difference in the demographics of renters and homeowners.

Older, more experienced and affluent people -- who are often homeowners -- are not usually among those handed pink slips in an economic downturn, say experts.

Those farther down the corporate food chain are typically the first to lose their jobs and walk away from, or at least renegotiate, their apartment leases, which many say were exorbitantly priced anyway.

By one economist's estimate, more than 50,000 people have left the Bay Area since the Nasdaq's steep drop in 2000.

"The kids who are younger got their options in 1990 and 2000, and they're still waiting for them to move into the black," Bazdarich said. "They're living on their paychecks, and those checks have been trimmed."

Craig Daniels recently lost his **sales** job at a local high-tech company. In order to retain his $1,025-per-month San Mateo apartment, he's leasing out his living room for about $400 a month.

Daniels said he has thought about negotiating with his landlord, who is offering several vacant apartments for $995 (versus about $1,600 during the dot-com glory days).

"But I feel bad for the guy because he has six apartments that are empty now," Daniels said.

On the home **sale** side, economists say there was a pent-up demand for housing -- fueled by low interest rates and a reluctance to invest in the stock market -- that exploded in the first quarter of this year, helping buoy home **sales** and prices while the rest of the economy drifted.

GOOD INVESTMENT

"People think it's the best place to put money because in the past they've seen these huge increases and they think that prices will continue to go up," said Ken Rosen, chairman of the Fisher Center for Real Estate at UC Berkeley's Haas School of Business. "I'm not sure that's going to happen, but that's what people are thinking."

Real estate agents regularly tell of multiple offers on single-family homes for **sale** around the Bay Area. While the market hasn't reached the frenzied proportions of the dot-com glory days, the number of monthly home **sales** rose more than 20 percent in February and March. In April, they rose nearly 50 percent.

"So many people were pushed off the court because they couldn't compete with the money from tech buyers," said D.J. Grubb, owner of the Grubb Co., a real estate firm that specializes in homes in Oakland, Berkeley and Piedmont. "Now we have a two-dimensional market. We have people who are mostly ages 35 to 45 who are trading in house A and buying house B."

So will **rents** and home prices realign? Eventually, most researchers say, but it's unclear which market will move toward the other.

John Karevoll, analyst for DataQuick, predicts **rents** in the Bay Area will begin to increase modestly later this year, closing the gap with the **sale** market.

Of course, that depends on many variables, not least among them unemployment and home loan rates. In recent weeks, the average on a 30-year fixed-rate mortgage has been just under 6.8 percent.

"The big X factor is mortgage rates," Karevoll said. "If interest rates go up to 9 percent this fall, you might see more parity between the two because home **sales** will go down, and then prices."

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CHART:
HOME PRICES VS. **RENTS**
Bay Area home **sale** prices have remained strong while **rents** have fallen dramatically.
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-- Median Bay Area home price (includes condos)

First quarter 2001	First quarter 2002	Percentage change
$381,000	$376,000	-1.3 percent

-- Average Bay Area **rent**

First quarter 2001	First quarter 2002	Percentage change
$1,681	$1,388	-17.4 percent

Source: DataQuick, RealFacts

E-mail Kelly Zito at kzito@sfchronicle.com.

GRAPHIC: PHOTO (3), CHART: SEE END OF TEXT, (1) San Carlos Realtor Hermann Schmid puts out a sign in front a Redwood City townhouse he has for **rent.** (2) Realtor Hermann Schmid has been trying to **rent** out this three-bedroom townhouse for several months. , (3) Schmid has two townhouses for **rent** in this Redwood City complex. / Photos by Liz Hafalia/The Chronicle

LOAD-DATE: May 26, 2002

Evidentiary Exhibit 35

The New York Times

May 6, 2001 Sunday
Late Edition - Final

SECTION: Section 14LI; Column 1; Long Island Weekly Desk; Pg. 3

LENGTH: 1396 words

HEADLINE: In the Hamptons, Room This Summer

BYLINE: By LISA PULITZER

BODY:

REAL ESTATE agents and hotel owners in the Hamptons and on Shelter Island say that the 2001 season is shaping up to be very different from those of summers past.

With Memorial Day fast approaching, rental agents are reporting a glut of homes on the market and a dwindling number of tenants willing to sign contracts for the full season, which runs from Memorial Day to Labor Day. Instead, renters are choosing less expensive alternatives: renting for only part of the season or spending one or more weekends at a hotel.

Home **sales** have also slowed in the wake of Wall Street's downs and ups. Real estate agents say that midrange houses -- and in the Hamptons midrange means $700,000 to $1.8 million -- are sitting unsold, while houses priced well above $2 million and below $500,000 are in demand.

The summer season's lackluster market is in sharp contrast to the bidding wars for some of the Hamptons' choicest properties in previous years, when buyers were willing to pay thousands or even tens of thousands of dollars above the asking price for the house of their dreams.

"When I drive to my office in the morning, I am seeing 'For **Sale'** signs and 'For **Rent'** signs along Mecox Bay that I didn't see at this time last year," said Carol Konner of Konner Development, a Bridgehampton company that specializes in building and selling high-end properties. "I think a lot of people got caught in a cash crunch."

Frank Newbold, a senior vice president of Sotheby's International Real Estate and the manager of the East Hampton office, said, "There's absolutely been a slowdown.

"We were seeing prices that surprised even seasoned real estate folks," he added, but with the stock market slowdown, the end of the bidding wars and ever-higher prices is now in sight.

A report released last month by Cook Pony Farm, the East Hampton real estate company with 10 offices on the East End, found that the average purchase price of a Hamptons house rose by 22.5 percent, from $572,193 to $700,826, during the first three months of 2001, while the number of **sales** dropped by 36.8 percent, from 766 during the first quarter of 2000 to 484 this year. Total **sales** figures also fell, from $438.3 million for the first quarter of 2000 to $339.2 million in 2001, a 22.6 percent drop..

"We've gone from a white-hot market to a more normal market," said Mr. Newbold, who has been a broker in the Hamptons for more than 20 years. He added that he and other local real estate brokers viewed the changing marketplace as more of a correction than a downturn, and that deals were easier to make because the pace was slower and prices were more realistic. "It is a little less frustrating because business is proceeding in a much more logical way," he said.

The bidding wars of the last few years have been replaced by a new environment in which homeowners and landlords are more attentive and an offer that is 10 percent below the asking price will get more attention than it did a year ago.

"Sellers are getting more realistic, but they are not desperate -- they have deep pockets," Mr. Newbold said. "For well-priced, good-quality houses, there are still buyers, but they are doing their homework and being much more cautious before they put their money down."

Judi Desiderio, the vice president of Cook Pony Farm, described the current real estate market in the Hamptons as "a bell curve." "The 'below $500,000' inventory is very small," she said, "and over $15 million, there is very little inventory. At the apex of the bell curve is the $2.5 to $3.5 million house. This is where there is a bit of a swell."

As a consequence, that swell is creating an abundance of rentals. Laura White of Allan M. Schneider & Associates, the Bridgehampton real estate company, said that 40 percent of the homes now on the **rental market** would not be there if the stock market had not declined. She and other brokers reported that many sellers of midrange homes were taking their properties off the market and turning to the summer **rental market** to help meet their mortgage payments -- if they can find a renter.

Rents for a four-bedroom, three-bath house with a heated pool and central air-conditioning south of Montauk Highway average about $100,000 for the season, Ms. Desiderio said. North of the highway, renting a similar house would cost $45,000 to $50,000, she said.

"People who own rental properties were concerned over the winter because over the past three and four years they have rented by January and February," Ms. Desiderio explained. "So, when March and then April came around and those homes were still available, they were worried." With reason, apparently.

In Shelter Island, Hannah Dinkel of Frederick L. Dinkel Real Estate said that her firm had handled less than a quarter of the rentals it did in 2000: the number has dropped from 46 last year to 10 this year.

"It's nothing, it's minuscule, and now everyone and their brother are trying to **rent** their houses," Mrs. Dinkel said. "The homeowners are strapped, and prospective tenants are strapped."

Mrs. Dinkel said that some of the rental houses still on the market had been snatched up immediately in previous years. Among the houses that have not been leased is a six-bedroom, four-bath on the water with a dock, heated pool, central air and an exercise room. The owners initially asked for $50,000 for August through Labor Day, but when the house did not **rent,** they agreed to lower their price to $35,000. Just last week, they phoned to say they would be willing to accept $30,000.

Mr. Newbold, the East Hampton broker, said that renters were being more cautious. "We have had a lot of inquiries for partial seasons, people calling and asking about July 1 through Labor Day. They will still treat themselves to a nice house but just do it for a shorter period."

"The landlords, the smart ones, are flexible," he continued. "They realize that renting your house is like a business, and you have to respond to the marketplace."

Ms. White of Allan M. Schneider said that her agency's rentals were up 23 percent from last year, but she explained that much of her inventory was rented early, when the stock market was stronger. "October and November were very busy," she said. "A lot of people were trying to get rentals ahead of time because in years past, the prime things went early on. Anything that was priced fairly went early this fall."

Real estate agents said that the phones stopped ringing after the first of the year when bad weather hit, keeping Manhattanites from house-hunting. Then the downturn in the stock market slowed the **rental market** even more.

Ms. White said that houses renting for $40,000 to $75,000 for the season seemed to be especially hard hit. She also noted that "share" houses -- the group rentals -- had declined.

At the Ram's Head Inn in Shelter Island, Linda Eklund, who owns the inn with her husband, James, believes they may be benefiting from the rental slowdown. "We are actually seeing a little bit more activity than we did in the last two years," she said. "A lot of people who went and rented houses have decided they don't want to go through the expense of renting this year."

Ms. Eklund, who is also an owner of the Chequit Inn in Shelter Island, said that she was seeing multiple weekend bookings from former guests. "A good portion of them stopped coming for weekends but would come to dinner at the hotel restaurant, so I knew they were renting houses on the island," she said. "Now, they are coming back. With the market the way it is, I don't think they feel as comfortable spending as much money to **rent.**"

Susan Wilson, the reservations manager at Gurney's Inn in Montauk, said she, too, had seen a jump in reservations. "We've noticed that people started to book the summer earlier," she said. "Usually the phone rings when it starts to get warm out, but we got a lot of calls early this year."

Whatever the stock market does, the appeal of the Hamptons seems to be a constant, and New Yorkers starved for greenery, sun and sand will manage to make pilgrimages eastward. "They are going to come out this summer no matter what is going on on Wall Street," said Ms. Desiderio of Cook Pony Farm. "They may buy a $1 million house instead of a $2 million house, they may **rent** a house for $50,000 rather than $100,000, but from what I am told by customers, nobody stays in the city all summer long."

URL: http://www.nytimes.com

GRAPHIC: Photos: Houses for **sale or rent** at Cook Pony Farm in Westhampton, above. In Remsenburg, far left, this house was built in the 1600's and is priced at $779,000. If that won't do, a larger house in Westhampton, left, is $4.95 million. (Photographs by Ed Betz for The New York Times)

LOAD-DATE: May 6, 2001

Evidentiary Exhibit 36

The Advertiser (Australia)

October 3, 2006 Tuesday
State Edition

SECTION: FEATURES; Pg. 63

LENGTH: 267 words

HEADLINE: Winners at expert use of the **internet**

BYLINE: JOANNA TOVIA

BODY:

THE national winner of the 2006 Micro-Business of the Year Telstra Business Awards shows how the **internet** can be used to maximum advantage.

Rent-A-Home.com.au, of Moore Park, Sydney, offers a national real-time listing, booking and payment service for holiday and executive rental accommodation.

Managing director Justin Butterworth said he was "ecstatic" at winning the Telstra micro-business award which was for a company with five or fewer employees.

Formerly a NSW Treasury economist, he said he had no **real estate** or travel experience when he began the firm in 1999.

"It was pre-Olympics and during the **internet** craze and I thought 'there are two things that are going up in the world, tourism and the **internet',**" he said.

It took just 12 weeks from the time Mr Butterworth came up with the idea to the actual opening of **Rent**-A-Home.com.au.

During that time, he researched the availability of business, quit his job, wrote a business plan and had a website designed.

Rent-A-Home is a licensed **real estate** agent that works with other agents to list properties for short or long stays.

The site is used by corporate clients and holidaymakers who can search for availability, browse through images and features and book and pay online.

During its early days, Mr Butterworth worked weekend nights as a waiter so he could pour all the initial profits back into the business. Few of the patrons he waited on would have known of the ambition and drive of the black-and-white clad man pouring their wine.

The business now has four full-time staff and 2006 turnover is growing 100 per cent faster than last year's.

LOAD-DATE: October 2, 2006

Evidentiary Exhibit 37

Newsday

Newsday (New York)

October 27, 2006 Friday
ALL EDITIONS

SECTION: **REAL ESTATE**; Pg. C10

LENGTH: 1486 words

HEADLINE: Soft market, hard choice;
Some sellers trapped by slow sales are seeking renters for a short-term solution

BYLINE: BY KARIN LIPSON. SPECIAL TO NEWSDAY

BODY:

In January, when retired psychologists Ben Schwartz, 77, and wife, Peppi, 76, put their Commack home of 44 years on the market for $649,000, it looked like a safe bet.

"Houses in Commack last year were at a premium," Peppi Schwartz recalls. "We thought it would sell very quickly."

Yet, through a dispiriting spring and summer, the house - a five-bedroom high-ranch with a duplex solarium and hot tub, a pool and separate professional office - didn't move despite several price cuts.

So last month, the Schwartzes chose an alternative that may be cropping up more: They decided to rent their house. They're still hoping to sell, at $499,000, but are now concentrating on marketing the house as a rental, at $3,500 a month.

"We have to try to unburden ourselves," Ben Schwartz explains. With the couple now ensconced in a two-bedroom, low-maintenance Mount Sinai ranch house (a relief from "constantly going up and down the stairs," Peppi Schwartz notes), rental of the paid-off Commack property would help offset the new monthly mortgage payments. And besides, the emotional wear-and-tear of dealing with the unsold house was just too great, says Ben, who had come to think of his once-beloved Commack home as "an albatross around my neck."

With their turn toward the **rental market,** the Schwartzes may find themselves in growing company. While not everyone agrees, some Long Island **real estate** agents are reporting that an increasing number of would-be sellers, daunted by the cooling of the once-sizzling housing market, are offering their homes "for sale or rent," or simply for rent.

And there seem to be ample takers, ranging from young couples who can't yet swing a mortgage to newly transferred executives still checking out the area.

"The **rental market** is excellent," says William Tarantola, of Coach Realtors' Smithtown office, who is handling the Schwartzes' Commack house. "We put houses on the market for rent, they're rented in a few days. We put houses on the market for sale, [and] what once took three months is now taking nine to 12 months."

The sale-to-rental approach "seems to be a trend now," agrees Deborah Sande of Daniel Gale Sotheby's International Realty in Huntington, who is marketing several of these houses. She says the sellers have come down in price, "but there's a point where they want to stop. And they figure they'll rent it and get an income from it, and when the market gets better, they'll put it up for sale again."

Renting to avoid pain

In Rockville Centre, Century 21 Sherlock Homes co-owner Liz Wallace says she is "not seeing it as a huge phenomenon yet." But "the market has dipped," she notes, and that is especially likely to affect recent buyers who need to move.

"If it's a young couple and one of them gets the best job in America in California, you've got to go," Wallace says. But "if they bought in the last two years and paid top dollar, with 5 or 10 percent down, the sale price of the house in this market may not cover what they owe the bank." Such owners, she says, "would be more apt to rent" out their house than offer a painfully low price to choosy buyers.

Nor is that scenario limited to Long Island.

"It's now a buyer's market in many areas of the country," says Walter Molony, spokesman for the National Association of Realtors. With a glut of unsold homes, "we are seeing more houses that were for sale and are now for rent," he says.

While new data from the trade group suggest that the U.S. housing market is once again stabilizing, any gains won't be felt before the spring, Molony says. Even then, he says, "if you're overpriced, you're not going to get any serious lookers."

Owners and their agents, of course, don't always agree on what's overpriced.

Barbara Lynch, another agent at Daniel Gale Sotheby's International Realty in Huntington, tells of a client who bought a ranch house two years ago for his mother, "who would not move into it." Having made improvements to the $550,000 house, the man was unwilling to follow Lynch's suggestion that he lower his $739,000 asking price by $40,000 - even though "for $699,000," Lynch says, "it would have sold in a nanosecond."

Finally, the owner agreed to lease for six months to people who are reburbishing their own house after a fire. "We will be jumping [with] both feet into the spring market," Lynch says. "In the meantime, he can recoup some money, pay his mortgage and taxes and have a very nice rental income for a while."

Lynch's client isn't the only one to get tripped up by renovations. Ann Marie Beddoe, a gynecologist who had successfully renovated and sold an earlier investment property in Bayville, says she thought she would do the same with a 1920 Colonial she bought in Glen Cove in 2005. But, she admits, "I got carried away with it - I did a lot more than I planned."

When she was finally ready to sell the house at the end of the summer, inventory for similar Glen Cove homes had risen, and her hopes for a quick sale, at $595,000, ran aground on the shoals of a buyer's market.

So a few weeks ago, she changed brokers. She turned to Tricia Shannon of Shawn Elliott Luxury Homes, who had impressed Beddoe and her husband in handling the sale of their own home, in Syosset. There's a new strategy, as well: Now, the sign in front of the Glen Cove property says both "For Sale" (at $549,000) and "For Rent" (at $1,800). "I think it will go quickly, for rent," Shannon says.

To Carolyn Weber, Garden City-based executive vice president of RE/MAX of New York, such instances don't add up to a trend. "Properties that are priced right are selling," Weber says, and Long Island home listings are overwhelmingly of the "For Sale" variety: "The average middle-class person on Long Island who lives in Bethpage or Levittown or New Hyde Park can't afford to rent their house out and go buy another house. They need the cash, the equity out of the house they own."

But Sheila Kassay, owner of Finest Realty Rental Specialists in Huntington, says there's been a change in the sort of person renting out a house. In the past, those putting homes up for rent were often investors. "In the last six months,"

she says, "we started seeing people who really had no intention of renting their home choosing to rent, because it's sitting empty and they're paying two mortgages."

'Can't carry two'

Ilana and Stu Austin of Long Beach got caught in a two-mortgage situation some nine months ago when a house they long wanted suddenly became available. They bought it and offered for sale their home of nine years, a Spanish-style Colonial they had painstakingly restored.

"The market was hot," Ilana Austin says. "My assumption was we would close by the end of the summer."

That didn't happen. So the couple is offering the Colonial as a $3,000-a-month rental, preferably on a short-term basis with options to renew. "Our intention is still to sell it," she says. "[But] we can't carry two houses, and the rental will help with some of the expenses."

Covering costs is also the immediate goal of Eileen Dwyer, who is getting a divorce. In February, she and her husband decided to sell their split-level on a "parklike" half acre in Greenlawn, "so we could both move on," she says. But with no serious bids, they've taken the advice of agent Christine Dickson of Century 21 Family Realty in Northport: The house is now for rent - at $2,800-to-$3,000, with an option to buy.

Though they wouldn't have thought of doing that, "we're very comfortable with it," Dwyer says. After all, she notes, sellers in today's market have been known to sweeten the pot with all sorts of offers: "Some people are saying, 'I'll buy you a BMW,'" Dwyer says.

"Compared to a BMW, it didn't seem too crazy to rent with an option to buy."

Tips for would-be landlords

Thinking of placing your house on the **rental market?** Some tips and caveats from **real estate** agents:

Consider how far away you'll be. Distance can pose difficulties, cautions Liz Wallace of Century 21 Sherlock Homes in Rockville Centre. If a pipe bursts or the toilet overflows, a landlord living thousands of miles away may find it cumbersome to get things fixed. "What if somebody trashes it?" Wallace asks. "What if they do $100,000 worth of damage and you're not here?"

Scout for a "property manager." Hiring or designating someone to deal with emergencies or make sure a property is safe can minimize problems, says William Tarantola of Coach Realtors in Smithtown. Coach will call plumbers, electricians and other service personnel for landlords (the client pays only for the work done), but relatives, neighbors or others also can oversee a rental, sometimes for a monthly fee.

Inspect your property. "I encourage all my renters to write into the lease periodic home inspections, to be held as much as four times a year," Tarantola says. Inspections must be "by appointment, at the convenience of the tenant," he adds. Landlords "can't just show up and open the door."

- KARIN LIPSON

GRAPHIC: 1) NEWSDAY COVER PHOTO / DICK YARWOOD - Ann Marie Beddoe's Glen Cove house is both "For Sale" (at $549,000) and "For Rent" (at $1,800). 2) Newsday Photo / Ken Spencer - Ben and Peppi Schwartz at their former Commack home, which hasn't sold despite price cuts; they've decided to rent it until a buyer appears. 3) Photo by Patrick Oehler - Stu and Ilana Austin put their historic Long Beach house on the **rental market** after carrying two mortgages for too long. CHART - Tips for would-be landlords (SEE END OF TEXT)

LOAD-DATE: October 27, 2006

Evidentiary Exhibit 38

San Francisco Chronicle
THE SAN FRANCISCO CHRONICLE (California)

October 19, 2006 Thursday
FINAL Edition

SECTION: BUSINESS; Pg. C1

LENGTH: 781 words

HEADLINE: **Rental market** is red-hot;
Bay Area rents are climbing; units going fast

BYLINE: Marni Leff Kottle, Chronicle Staff Writer

BODY:

More than 25 people packed an open house Saturday for a studio apartment on Russian Hill with hardwood floors, a view of the Bay and a monthly rent of $1,450.

By Sunday the unit was snapped up.

That sizzling demand is driving up prices, experts said. The average asking rent for a Bay Area apartment jumped 8.2 percent to $1,415 in the third quarter compared with $1,378 for the same period a year earlier, according to an analysis by Novato research firm RealFacts that included apartments of all sizes from studios to three bedrooms. The occupancy rate rose 1.2 percent, to 96.2 percent.

The apartment **rental market** and the housing market have traded places.

As the promise of big gains from the purchase of a home has waned, more people are being driven to the **rental market,** said Stephen Levy, director of the Center for the Continuing Study of the California Economy. Data released Tuesday by DataQuick shows that home prices in the Bay Area dipped 0.8 percent from September 2005 to September 2006, the first drop in more than four years.

"Renting is still cheap relative to home owning," Levy said. "Now that people are realizing that there is going to be no appreciation in the near future, they're renting. There is not a lot of apartment building going on, so they're competing for a restricted supply."

Agents say that they've noticed renters with enough money to buy a home are sitting on the sidelines.

"Normally there's a steady pool of tenants who move out and graduate from the tenant pool and become buyers," said Laura McNabb Gray, a rental agent with Paragon **Real Estate** Group in San Francisco. "Some of those people who I rent to have hundreds of thousands of dollars in savings and I ask them, 'Why aren't you buying?' And they say, 'We're waiting to see what happens with the market.' "

Demand is particularly strong for apartment units under $2,000, said Gray, noting three such units at that price were rented last week after only one showing. Moreover, she said, few units in neighborhoods north of California Street such as Pacific Heights, Nob Hill and the Marina sit on the market longer than a week.

And the posturing is back. "People are playing games, like showing little or no interest or being totally calm if there are multiple people there at the same showing," Gray said. "Then, after we all leave, my phone lights up like a Christmas tree."

With inventory tight, renters are reluctant to move. "I've done this for 16 years and I've seen everything," said Valerie Delepine, an agent with Hill & Co. "It has been a very tough, tough market. There is no inventory whatsoever."

The lack of inventory is the major difference between now and the dot-com days. "Then, if I had 10 listings in one day, they'd be gone the same day," Delepine said. "Now, we don't have 10 listings. If we get two listings a week we are very fortunate."

According to RealFacts, the biggest rental increases occurred in the South Bay and Silicon Valley in the third quarter, with average rents for all types of units rising 17.5 percent in Mountain View, 10.9 percent in San Mateo and 13.4 percent in Santa Clara compared with the third quarter of 2005.

While rents remain below their dot-com peaks in Silicon Valley, their rapid rise is a sign of the region's recovery, said Chris Bates, director of sales and marketing for RealFacts. "The local economy is strong and growing," he said. "The jobs that are being created down there are high-earning. People are returning to Silicon Valley for jobs, so occupancies are up and rents are up."

The average price of a one-bedroom apartment in the area that includes San Jose, Sunnyvale and Santa Clara jumped 11.4 percent to $1,296, while the rent for the same-size unit in the region that includes San Francisco, Oakland and Fremont climbed 7.3 percent to $1,268.

The data in the RealFacts survey are based on apartment buildings with 50 or more apartments. That excludes many apartments in places like San Francisco, where almost 40 percent of the rental buildings have fewer than five units.

CHART:

Apartment rents rise

Rents in the region rose in the third quarter of 2006

	San Francisco-Oakland-Fremont		San Jose-Sunnyvale-Santa Clara	
Apartment type	Average asking rent	1-year change	Average asking rent	1-year change
Studio	$1,193	8.5%	$1,007	11.1%
1-bedroom, 1-bath	1,268	7.3	1,296	11.4
2-bedroom, 1-bath	1,346	6.2	1,376	8.9
Average*	1,443	7.5	1,450	10.4

GRAPHIC: GRAPHIC, PHOTO, CHART: SEE END OF TEXT
(1)GRAPHIC: Illustration by Tracy Cox / The Chronicle, PHOTO: "For rent" signs such as this one in Palo Alto don't stay out long as the slowdown in Bay Area home sales push more people into the **rental market.** And current renters are staying put. / Paul Sakuma / Associated Press

LOAD-DATE: October 19, 2006

Evidentiary Exhibit 39

Business Day (South Africa)

August 11, 2006
Home Front Edition

SECTION: LIFESTYLE & LEISURE; Pg. 4

LENGTH: 699 words

HEADLINE: Demand and needs tend to differ

BYLINE: Roxzanne Van Eyk

BODY:

Demand and needs tend to differ

ROXZANNE VAN EYK draws parallels between the Johannesburg and Tshwane **rental markets**

THE local Johannesburg and Tshwane **rental markets** are similar in that anything below the R3000 mark is snapped up very quickly. However, the two markets differ in that there is somewhat of an oversupply in certain parts of the Johannesburg market and an undersupply in certain parts of the Tshwane **rental market.**

A Tshwane estate agent, who preferred to remain anonymous, says that if a landlord is asking a monthly rental of between R4500 and R5000 and more, tenants would rather buy a home and pay off their own bond instead of someone else's.

Contradicting this, Tracy-Lee Schuster of Engel & Völkers Johannesburg says that it is cheaper to rent a home than to buy one with today's high property prices. "For example, if a buyer purchases a home for R1m, the monthly repayment is approximately R10000 a month, while the same priced home can be rented for between R6000 and R7000 a month."

Gavin Vickers, head of the Engel & Völkers Johannesburg office, which covers most of the northern suburbs and the West Rand, says that the **rental market** is a concern in terms of the number of properties available in the townhouse or investor market. "This oversupply of property in certain areas of Johannesburg will drive the rental value or returns down. There is also a cap in terms of the maximum rental that people will pay for houses, depending on areas and property types," he says.

To compare the Tshwane **rental market** and its supply, Gerald Hazelhurst from Rent A Home, which covers the eastern side of Tshwane, says that there are far more tenants than landlords.

Helen Henning of Seeff Rentals Pretoria East says that there is a considerable difference in client profiles and rentals achieved between the Tshwane and Johannesburg markets.

Hazelhurst notes that the majority of the **rental market** in the eastern side of Tshwane, about 60% to 70%, is in the R3000 range. "However, approximately 50% of this market share is made up of the emerging middle class market, where government department employees are seeking accommodation in Tshwane East. This emerging market has the money to rent, but not to buy, therefore the demand is very strong."

The general consensus from estate agents is that two years ago, SA went through a bit of a rough patch in terms of the **rental market.** However Retha Schutte, co-manager of the Pam Golding Properties branch in Tshwane, says that rentals in Tshwane have remained at a high level as a result of sustained ongoing demand from the diplomatic corporations and international agencies - so much so that buy-for-let investors have continued to enjoy good returns.

Also commenting on the previous two-year slump, Ronald Ennik, MD of the Gauteng division of Pam Golding Properties, says that the Gauteng **rental market** as a whole is beginning to pick up. "The main reason for this is that, in the current climate of rising interest rates, mortgage affordability is becoming an issue for homeowners who overextended at the bottom of the interest rate cycle, and they are now beginning to sell and seek refuge in renting."

Catherine Timotei, licensee of Fine & Country Sandton, says that rentals are gaining momentum due to the environment of increasing interest rates and the general slowdown of property sales. "Rental developments do well when the market turns into a buyers' market. Because of the glut of stock in rentals over the short term it is cheaper to rent than to buy at the moment. However, over the long term it is always better to buy property than to rent."

Henning's advice to owners of investment properties who would like to maintain their share of the **rental market** is the following: "You are running a business. The tenant is your customer and bad service will harm your business. If a tenant has to chose between a modern (or renovated), well maintained home in top condition or a seedy, neglected property, their choice will obviously be the former. Your management agent is a partner in your business and a budget management agent is a poor partner. Anyone cutting commission is obviously cutting service. You get what you pay for."

LOAD-DATE: August 11, 2006

Evidentiary Exhibit 40

Financial Times (London, England)

July 15, 2006 Saturday

SECTION: FT REPORT - HOUSE AND HOME; Pg. 16

LENGTH: 779 words

HEADLINE: Up, up and away: rents soar in Dubai It may feel like a 24-hour building site, says Catherine Moye. But for the time being Dubai is suffering from a shortage of accommodation

BYLINE: By CATHERINE MOYE

BODY:

If only people could set up home in a computer-generated image of a proposed development or bed down in a construction crane or a dredger. It might alleviate the accommodation shortages and soaring rents facing thousands of expatriates in Dubai.

As one of the fast-growing United Arab Emirates, Dubai is well known for its grandiose development projects, from The Palm and The World, man-made archipelagos in the shape of a tree and the continents, to the Burj Dubai, a mixed-used building that will be the world's tallest tower when complete. The awe-inspiring construction programme, designed to make the emirate a tourism and business centre is now attracting 100,000 new residents each year. But right now there are simply not enough places to house them.

For the 80 per cent of expatriates who aren't interested in buying, this is especially true. And the result is a booming, some might say extortionate, **rentals market.**

"Basically a residential tenancy is renewed very year," says Lorraine Ludman, who runs an events equipment hire company in Dubai. "Only now, when its renewal time, the landlord claims to want the property back for his own use" - the only grounds for evicting a responsible lessee - so "the tenant moves out and the landlord takes the house back long enough to give it another coat of paint before starting afresh with a new tenant at a much higher rent."

According to Alex Upson, partner in international sales at estate agency Cluttons, which has two offices in the state, buy-to-let investors who bought in 2003 are seeing yields of 20 to 30 per cent on their properties. "This is definitely a case of landlords making hay while the sun shines," he says. "Four years ago, landlords weren't getting half what they are getting now and every time a property comes on they have four or five people looking to rent it. However, they know that in a couple of years' time the situation could change very dramatically."

Indeed, as more developments are completed, more apartments will come to market and rents will drop. In Dubai Marina alone there are 20 to 30 buildings due to be finished soon. The Jumeirah Beach Residence of 6,500 units is expected to open in December and should be a good indicator of what is set to happen in the **rentals market.** But that is just a drop in the ocean. Across Dubai there are 215 skyscrapers are under construction and more than 180 more residential towers have been given a licence to start building within the next two years, amounting to yet another 40,000 to 45,000 homes coming on to the market in the future. As with many other developments in the state, many of these will be sold to investors who intend to let them out.

"The vast majority who have bought property off-plan in Dubai are looking to sell or rent as soon as their schemes are completed," Upson says. "As most of these Pounds 50,000-plus properties will be delivered at around the same time, there is likely to be a drop in rental costs and thus the heat taken out of an inflationary economy."

Upson also estimates that 90 per cent of the 100,000 people migrating to Dubai each year are not affluent young professionals looking to rent penthouses or villas but low-paid junior executives and manual labourers for whom the luxury properties under construction are unaffordable. "No one in Dubai is addressing the growing gap that exists between the affordable and luxury homes sector," he says Upson. "They are just turning a blind eye to it."

The neighbouring emirates of Sharjah, Ajman and Ras al-Khaimah have recognised Dubai's shortage of affordable housing as a way of getting in on the property action. Both are encouraging less expensive developments and many lower-paid workers will happily travel an extra half hour to work from a home they can rent far more cheaply.

Still, some agents, such as Zul Suriya of Homes Dubai, remain bullish. "I think we are still five to six years away from the market even beginning to level out," he says. "Plus the sort-term holiday **rentals market** will also grow in the future."

Dubai's ambition is to attract 15m visitors a year by 2010 and tour operators and agencies have been set up to handle short-term rentals for investors who had been aiming for long-term lets. But that doesn't solve the current housing shortage nor does it ensure that all of the rental flats being built in the emirate will find tenants into the future.

As emerging-markets specialist Amar Sodhi of Avatar International says: "Dubai boasts some of the best hotels in the world and it is building lots more of them. Anyone who thinks their little one-bedroom is going to compete with that industry in two years time had better think again."

LOAD-DATE: July 14, 2006

Evidentiary Exhibit 41

Business Day (South Africa)

June 09, 2006
Home Front Edition

SECTION: LIFESTYLE & LEISURE; Pg. 4

LENGTH: 760 words

HEADLINE: Approach with caution

BYLINE: ROXZANNE VAN EYK

BODY:

Approach with caution

has a look at the general trends for the Garden Route **rental market**

The FNB residential property barometer for the first quarter of this year, compiled by Dr Cees Bruggemans, chief economist First National Bank, indicated that the Garden Route underperformed the national average. One of the levels where the region underperformed was the average period a home was on the market. Garden Route homes spent roughly 11,5 weeks on the market, while the national average was eight weeks.

Of sellers on the Garden Route, 69% received less than the asking price for their home, while the national average was 60%. The report indicated that this was most likely because sellers in the region are affluent and therefore properties are highly priced. It also results in sellers being more inclined to resist price erosion.

Perhaps a positive for the Garden Route was the buy-to-let market, which the FNB residential property barometer stated was still very high at 32%, whereas the national average was 16%.

Jan Minnie, the licensee of Fine & Country Plettenberg Bay, agrees that rental demand is high, specifically in the Plettenberg Bay area, as up-market homes demand top dollar over the December period.

Not many free-standing homes form part of the buy-to-let market in Plettenberg Bay, as sectional title units are mostly bought for this purpose.

"The exception lies in cluster developments, where about 30% of the homes were, or are, purchased as buy-to-let investments. Larger, more expensive homes come up for rental on the odd occasion when the owners are holidaying abroad," says Minnie.

Riekie Marais, Pam Golding Properties' area principal for Sedgefield, said that in Sedgefield not a lot of people are buying holiday homes to let out.

"I would say in Sedgefield it is the higher income bracket that purchases second homes and keeps them for their personal use. A small percentage of people buy property to let over the holiday season. About 40% of our sales are to investors buying property for retirement in the future, and renting out the property on long-term leases."

Both Marcel Deacon, of Susan Deacon Properties, and Hester Gouws, of Private Property Listings in the Garden Route, although not operating in the **rental market,** report daily inquiries for rental properties.

Tracey Mallet, of RE/MAX Plettenberg Bay, says that even though the holiday **rental market** along the Garden Route has traditionally been very good, caution must be exercised by not loading rentals at unrealistic levels.

"One could expect to achieve rentals in the region of R1000 a day for a three to five-week period over December, for an investment of R1m to R1,25m."

Andrew Rissik, MD of Original Developments, the marketing and sales company of Kingswood Golf Estate, says that the **rental market** in the Garden Route is under pressure.

"Firstly, the long-term market is capped by limited affordability as salaries are typically low. Entry-level housing is at about the R1m mark and would attract a rental of about R3000 a month. Secondly, with regard to short-term holiday lets, there is a vast amount of choice except at real peak periods, probably amounting to four weeks of the year. Once all the costs of rental are calculated, returns are also depressed. The income achieved is being measured against very high property values as we have just come through the biggest property boom in SA's history. There is always a high demand for rental; however, there is a large supply of stock."

Marais says that the market in Sedgefield is not good for speculators.

"House and stand prices increased at such a rate during 2004 that we now have a huge resistance against the high prices, and any investor buying now must be prepared to sit on their investment for at least a year."

Gouws says that rentals achieved throughout the Garden Route are quite low compared with bigger centres like Gauteng and Cape Town.

"From personal experience I know that one can still aim to get about 1% of the purchase price for rental in Gauteng, provided you have made a good buy. Throughout the Garden Route one is more likely to look at between 0,4% and 0,5% of the purchase price as a monthly rental. However capital growth is better on the Garden Route, although it has also slowed down over the past year or so."

Minnie says: "Buying off plan is always the best way to make a good return as the first purchaser pays no transfer duty."

Rissik says that investing in property in the Garden Route should be done with a view to holding costs for three to five years and aiming at capital growth.

LOAD-DATE: June 9, 2006

Evidentiary Exhibit 42

The Advertiser (Australia)

May 26, 2006 Friday
State Edition

SECTION: NEWS; Pg. 12

LENGTH: 308 words

HEADLINE: House price rise widens the divide

BYLINE: SCOTT MURDOCH, CANBERRA, SOPHIE ELSWORTH

BODY:

RESURGENT house prices have increased the divide between home owners and tenants unable to enter the home-owning market.

The cost of housing in Australia has risen 1 per cent in the past three months, powered by the booming state of Western Australia. The result over the past year, an increase of 3.6 per cent, has economists tipping a renewed property surge.

A rise in the number of migrants entering Adelaide helped housing in South Australia rise 2.4 per cent (5.3 per cent for past year).

The rebound in prices around most of the nation has sparked concerns that housing remains unaffordable, particularly for low income earners.

Simon Tennent, executive director of the Housing Industry Association, said: "There is a **rental market** that is as tight as ever and forcing people to stay on the sidelines."

"The group that is looking to move out of home, take on the world renting for the first time and then saving up for a deposit - these people are finding it extremely difficult." **Real Estate** Institute of South Australia's chief executive officer Tony Myers said the state had maintained a "stable housing market".

"The short-term outlook shows a modest price growth and a tight **rental market,**" Mr Myers said. "Buying **real estate** in Adelaide is becoming attractive to people in the eastern states because there is a successful **rental market** which is promising for buyers."

COST OF LIVING

Median house prices in Australia: * Sydney, $518,00; Melbourne, $348,500; Brisbane, $332,000; Adelaide, $303,00; Perth, $363,000; Canberra, $409,000; Darwin, $344,000; Hobart, $260,000.

* Cost of renting - Three Bedroom House, median value and percentage annual change: Sydney, $260 (+4 per cent); Melbourne, $230 (+4.5); Brisbane, $250 (+8.7); Adelaide, $230 (+9.5); Perth, $230 (+21); Canberra, $310 (+3.3); Hobart, $250 (+8.7); Darwin, $300 (+11.1).

LOAD-DATE: May 25, 2006

Evidentiary Exhibit 43

Orlando Sentinel (Florida)

May 20, 2006 Saturday
FINAL

SECTION: A SECTION; FINAL; Pg. A1

LENGTH: 588 words

HEADLINE: Homes for sale reach record
The number on the market using Realtors has topped 16,000 in the Orlando area.

BYLINE: Jerry W. Jackson, Sentinel Staff Writer

BODY:

For-sale signs multiplied in Orlando-area neighborhoods last month as the number of homes available for purchase through local Realtors topped 16,000 for the first time in the group's history.

Existing-home sales were down nearly 6 percent in April from the same month a year ago, to 2,407 -- the first such decline since July, the Orlando Regional Realtor Association reported Friday.

Single-family-home sales in the association's core market -- mainly Orange and Seminole counties -- were off 15.6 percent from April 2005, while condominium sales remained strong and were 32.5 percent ahead of last year's total.

"Even though sales for the month of April were down a fraction, overall year-to-date figures place 2006 slightly ahead of 2005," said Beverly Pindling, president of the local Realtor association.

Through the first four months of the year, existing-home sales through the Realtors' listing service are running almost 7 percent ahead of last year's pace, when they set a 13th consecutive annual record.

The median home price in April was $248,000, second-highest on record but only a 13.8 percent increase from April 2005 -- the smallest year-over-year increase in nearly two years.

The local Realtors' inventory of available homes bottomed out in April 2005 at 2,947 properties, near the height of last year's home-buying frenzy. Last month's inventory totaled 16,036 -- more than a fivefold increase and the seventh consecutive monthly record.

Mortgage rates continued creeping up in April, averaging 6.27 percent on a 30-year loan. By last week, the average rate nationwide had risen to 6.6 percent.

Economists expect existing-home sales nationwide to turn in their third-best annual performance this year, behind 2005 and 2004. By comparison, Orlando "remains a very strong local market," Pindling said in a prepared statement.

Other industry experts said Friday that the Orlando market might have even more homes for sale if not for the booming housing-**rental market.**

Apartment availability is tight and getting tighter, so more homeowners -- particularly owners of second homes or vacation homes -- are listing their homes for rent rather than trying to sell them as a record number of homes sit on the market.

"Orlando is the biggest single vacation-**rental market** in the nation, no question," said Brian Sharples, chief executive of HomeAway, a Web site for listings of vacation-rental properties nationwide.

By the end of the year, Sharples predicts, the Web site will list more than 100,000 properties for rent, up from more than 30,000 today.

"Florida accounts for 25 percent of our [national] database, today, as we speak," Sharples said Friday from his office in Austin, Texas. "And the Orlando area accounts for 22 percent of those [Florida listings].

Sharples said many second-home buyers, who may have thought of their property as a profitable short-term investment but now face a buyers' market, are rushing into the **rental market.** "They're looking to cover their costs," he said.

But Orlando is a challenging vacation-**rental market** because of the competition, said Christine Karpinski, a HomeAway sales consultant. Not only are there huge numbers of homes for rent, especially in the Walt Disney World/Osceola County area, where international investors are heavily concentrated, but the area's hotel market is so huge.

"Orlando is so saturated with hotels. It's hard to get positive cash flow on your vacation home," she said.

CONTACT: Jerry W. Jackson can be reached at jwjackson@orlandosentionel.com or 407-420-5721.

GRAPHIC: BOX: HOMES GALORE
The number of existing homes available for sale in the Orlando area through the local Realtor association has risen more than fivefold in the past year.
2005 Inventory
April 2,947
May 3,253
June 3,710
July 4,473
Aug. 5,532
Sept. 6,786
Oct. 8,992
Nov. 9,685
Dec. 9,928
2006
Jan. 12,015
Feb. 12,966
March 14,559
April 16,036
SOURCE: Orlando Regional Realtor Association

LOAD-DATE: May 20, 2006

Evidentiary Exhibit 44

The New York Times

February 5, 2006 Sunday
Late Edition - Final

SECTION: Section 11; Column 1; **Real Estate** Desk; IN THE REGION/Westchester; Pg. 12

LENGTH: 1147 words

HEADLINE: High-End Rentals Aim for New Heights

BYLINE: By ELSA BRENNER

BODY:

AFTER some false starts in the last five years, largely because of uncertainties about the strength of the residential **rental market,** AvalonBay Communities, a Virginia-based **real estate** investment trust, has broken ground on the second phase of a luxury apartment complex in New Rochelle overlooking Long Island Sound.

Now, however, AvalonBay, which builds rental communities throughout the country, is so certain of the renewed vigor of the high-end **rental market** in Westchester County -- where condominiums have dominated the multifamily **real estate** scene in recent years -- that it has also filed applications for another nonownership complex in White Plains.

AvalonBay's new plans are indicative of a rebound in the **rental market** around the country, where the company has begun a number of new projects, said Philip Wharton, a senior development director.

Because of the high price of land and construction in Westchester, the company is building apartment towers that are taller than ever. In New Rochelle, it is building the sibling of its 412-unit Avalon on the Sound high-rise residential development; that 24-story luxury complex opened in 2001.

The new $180 million, 588-unit sister building will be 39 stories high. At 390 feet, it will be the second-tallest building in Westchester behind the Trump Plaza condominium project in New Rochelle, which is to reach 435 feet, counting the mechanicals on the roof.

Not only are soaring apartment buildings more cost-efficient to construct, but they also draw renters who are willing to pay more for spectacular views, Mr. Wharton said. AvalonBay, which limits itself to rental developments, has another 39-story project under way in the region: Avalon Riverview along the East River in Queens overlooking Manhattan.

The company, which has about 150 apartment complexes with more than 44,000 units in 10 states, is also planning a new high-rise complex in San Francisco; that proposal is in the early stages.

In terms of height, the White Plains proposal, called Avalon Rockledge, is relatively short by the standards of the current market. As proposed now to the local zoning board, it would have 344 rental apartments in a T-shaped 14-story building and 39 attached town houses in three adjoining four-story buildings.

Rachel Loeb, a development director for that project, explained that because Avalon Rockledge would be at the edge of the downtown near a residential section of smaller homes, it was being designed to blend in with the neighborhood.

The company, which builds mostly in downtown neighborhoods that are in the midst of economic revivals, like New Rochelle and White Plains, "has been waiting for the right time in the marketplace to start construction again," Mr. Wharton said.

Rents at the older Avalon on the Sound building start at $1,500 for a studio and go up to $3,400 for a three-bedroom apartment. The rents for the two new Westchester apartment buildings have not yet been set.

Continued job growth in the national economy over the past two years is a major factor fueling Avalon's decision to move ahead with new construction.

But also, the ever-rising cost of for-sale housing has made this an auspicious time to construct new apartments. In Westchester, the median price of a single-family home in the county hit $711,700 at the end of the third quarter of last year -- a record high, according to the Westchester-Putnam Multiple Listing Service.

Additionally, many apartments have been converted to condos in recent years, creating a shortage of high-end rental housing. In White Plains last spring, for example, JPI Northeast, an apartment builder based in Irving, Tex., switched a nearly complete 281-unit that was to be rentals to condos.

As a result of the shortage, occupancy rates at luxury rental apartment complexes like Avalon on the Sound are about 96 percent, which is considered full.

The company generally markets its properties to empty-nesters, who no longer need large homes, and to young workers who not ready to purchase a house, said Stephanie Cuba, a development director for Avalon.

For example, at Avalon on the Sound, Ivar and Diane Hyden moved into a two-bedroom corner unit overlooking the shoreline last summer. They had recently sold a building nearby in New Rochelle, out of which Mr. Hyden, 61, ran his framing shop, and where the couple also lived. But with prices so high and their children no longer at home, Mr. Hyden said, "renting was an easy choice for us."

"We didn't want to buy, and we aren't sure of what we want for the longer haul," said Mr. Hyden, who also moved his frame store to rented space. "So we're here for now."

Typical of younger Westchester residents who are choosing to rent are Dr. Jonathan Leff, 32, an anesthesiologist at two hospitals in the Bronx, and his girlfriend, Anafe Casas, 28, an occupational therapist. "We thought only briefly about buying," Dr. Leff said. "If we were married and had children, maybe it would have been different." They live in a two-bedroom apartment on the 22nd floor of Avalon on the Sound.

In White Plains, AvalonBay is aiming at a similar but somewhat different market: a younger crowd willing to spend more to rent in a downtown that offers lots of shopping and entertainment, Ms. Cuba said.

Sotheby's International Acquires Julia B. Fee

Sotheby's International Realty has acquired the assets of Julia B. Fee, an independent **real estate** brokerage firm in Scarsdale. The Fee agency's eight Westchester offices will take the name of the larger firm.

Julia B. Fee was founded in 1960 with an office in Scarsdale and now also has offices in Armonk, Chappaqua, Katonah, Rye and Larchmont. In the last 12 months, it was a broker for about $1.8 billion in closed sales. In September, it acquired the independent agency Burbank Whittemore, which had offices in Larchmont and Mamaroneck.

Under the terms of the Sotheby's acquisition, Randall Katchis and George Stone, co-owners of Julia B. Fee, will become senior vice presidents of the larger company, managing the Westchester operations. Neither company would reveal the price.

Based in Manhattan, Sotheby's International, which brokered about $15 billion in sales in the past year, has brokerage offices in Fairfield County, Conn.; the Hamptons; Cape Cod; Palm Beach, Fla.; Santa Fe, N.M.; Beverly Hills and Malibu, Calif.; and Jackson Hole, Wyo.

In 2004, Sotheby's International Realty announced it was being sold by the auction house Sotheby's to the Cendant Corporation, which franchises such brands as Century 21, Coldwell Banker, Avis Rent-a-Car, Days Inn and Howard Johnson.

Last spring, Houlihan Lawrence, the largest privately owned residential **real estate** company in Westchester, severed its 28-year business alliance with Sotheby's, saying it did not want to be part of such a large firm with mass-market brands.

URL: http://www.nytimes.com

GRAPHIC: Photo: COMING SOON: 39 STORIES -- Next to Avalon on the Sound in New Rochelle, AvalonBay Communities has started a sister building that will be one of the county's tallest. (Photo by Librado Romero/The New York Times)

LOAD-DATE: February 5, 2006

Evidentiary Exhibit 45

Star Tribune (Minneapolis, MN)

January 14, 2006 Saturday
Metro Edition

SECTION: HOMES; Pg. 1H

LENGTH: 1000 words

HEADLINE: BALANCING ACT;
As the housing market retreats from the record highs of recent years, buyers, sellers and renters can expect a more level market during the coming year.

BYLINE: Jim Buchta, Staff Writer

BODY:

For most segments of the **real estate** market, 2005 was a year of superlatives: One of the best years for home buyers, one of the most frustrating years for home sellers and one of the most nerve-racking years for mortgage shoppers since the boom started more than five years ago.

During 2006, expect moderation for rentals, mortgages, existing home sales and new construction.

"We expect 2006 to be a very good market with solid activity across the board," said Mark Allen, chief executive of the Minneapolis Area Association of Realtors.

Home prices

Bubble or no bubble? Soft landing? Pause? These are the questions that have become a national obsession; the coming year should yield more clues. Allen said that barring any unexpected interest rate increases or economic calamities, the Twin Cities metro market is in the process of returning to a more normal pace.

Pending sales in the area are expected to fall slightly this year, according to a new report from the Minneapolis association. President Todd Shipman said that home prices will rise 3 to 6 percent. Nationwide, home sales are expected to fall 3.7 percent this year, according to the National Association of Realtors.

Already, the market has shifted. Market times are two to three months, and "reduced" signs are more common than many buyers can remember. During December, for example, there were nearly seven houses on the market for every buyer, according to a recent Minneapolis Realtors' association report. During the same period in 2004 about five houses were on the market for each buyer.

That means buyers have a better selection and more bargaining power. Sellers must lower their expectations and bring their houses to the market priced properly and in the best possible condition.

Mortgage rates

The lowest mortgage rates in more than 40 years helped spark one of the biggest **real estate** booms in history, but while rates still are within a full percentage point of their all-time lows, they are expected to continue climbing.

For much of December the average rate on a 30-year, fixed-rate mortgage was about 6.25 percent. In recent weeks, however, those mortgages have dipped slightly and many lenders are now offering them at a little more than 6 percent.

Nonetheless, analysts expect rates to reach 6.7 percent by year's end, according to the Mortgage Bankers Association. That's not a big increase, particularly for anyone who remembers double-digit rates in the early 1980s. But every time the cost of borrowing rises, affordability falls, constraining sales and pushing home prices downward.

Borrowers also will move away from adjustable-rate mortgages (ARMs) in favor of fixed-rate mortgages that offer reasonably low rates and long-term security. Already this year, the rates on ARMs were slightly higher than fixed-rate loans.

That "yield-curve inversion" lasted only a couple of days, but the difference between rates on long-term and short-term mortgages remains narrower than in past years, making fixed-rate mortgages relatively attractive.

Higher rates also will slow refinancings. During the fourth quarter of 2005, for example, the refinance share of all mortgage originations fell 25 percent to a third of all originations, according to the Mortgage Bankers.

Housing starts

Many Twin Cities-area home builders will be tightening their belts as it gets more and more difficult to find buyers. At the same time, buyers will have an easier time finding new houses - and deals.

Early in 2005, home builders started pulling back on building permits in an attempt to keep inventories of unsold homes low. Last year through November, the number of permits issued in the metro area was down almost 7 percent while the number of planned units fell fell 1.8 percent.

The association doesn't issue a year-ahead forecast, but Residential Research's expert on new construction, Betty Hardle, said that housing starts in the 13-county metro area are expected to fall to 19,056, a 3.7 percent drop from last year's 19,782. Nationwide, new housing starts are expected to fall 4.8 percent, according to the National Association of Realtors.

With builders facing leaner times, buyers might find themselves in a better position to win concessions.

But some builders say they're prepared.

"We're optimistic," said Scott Richter, president of Centex Homes Minnesota. "I think builders have controlled their inventory," he said. "Builders are being better business people than they were 15 to 20 years ago."

Apartment vacancy rates

The glass will either be half-empty or half-full in the **rental market,** depending on whether you're a renter or landlord, as the **rental market** tightens a bit. Over the past several years, the housing boom has a been a boon for renters, providing plenty of options and stable rents as many other renters left to buy homes. Now that mortgage rates are rising and the exodus into ownership is slowing, renters should find more competition, less stable rents and fewer concessions from landlords.

Brent Wittenberg, vice president of GVA Marquette Advisors, said vacancy rates should drop to about 5 percent by the third quarter, down from almost 6 percent last year. At that rate, the **rental market** is considered to be in equilibrium, with plenty of choices for renters and an ample supply of renters for landlords.

Wittenberg said a strong job market in the Twin Cities metro area and a lack of new apartment construction will put downward pressure on vacancy rates, which will help let apartment owners phase out any concessions they're now offering.

Jim Buchta - 612-673-7376

6.7%

MORTGAGE RATES

Will climb slightly through the year, hitting 6.7 percent by the fourth quarter (Mortgage Bankers Association)

3-6%

HOME PRICES

A soft landing, with sale prices rising on average 3 to 6 percent. (Minneapolis Area Association of Realtors)

4.8%

HOUSING STARTS

Will fall 4.8 percent through the year. (National Association of Realtors)

5.0%

APARTMENT VACANCY RATES

Vacancies will settle at about 5 percent by next fall. (GVA Marquette Advisors)

GRAPHIC: ILLUSTRATION
PHOTO

LOAD-DATE: January 17, 2006

Evidentiary Exhibit 46

12 of 23 DOCUMENTS

Business Dateline;
Atlanta Business Chronicle

October 8, 1999

SECTION: Vol 22; No 18; pg 3A

LENGTH: 868 words

HEADLINE: Overlooked **rental market** booming

BYLINE: Jacques L Jr Couret

DATELINE: Atlanta; GA; US; South Atlantic

BODY:

Sales of new houses in Atlanta get all the attention, but the single-family rental housing market is enjoying its own boom.

"The **rental market** is hot, in that demand is high and supply is low," said Robert Locke, president of Crown Management Corp. "People in the rental business are finding inventory hard to locate, so rents are going up substantially, probably about 8 to 10 percent a year. It's been on the rise since 1994."

Kathy Connelly, vice president of relocations and corporate services for Prudential Georgia Realty, agreed. But, she is more conservative in her estimation of the market.

"Over the past six years, we've had a tight **rental market,**" Connelly said. "Demand oftentimes exceeds the supply, particularly with quality properties. Since the Olympics, we've seen a bigger jump real estate.

"At first, there was a lull, then people wanted to look at the long-term **rental market.** Now, (it has) been fairly stable, with about a 5 percent increase on rents annually."

Lynn Dupuy, director of leasing and property management for Coldwell Banker Buckhead Brokers, said the **rental market** could be even stronger.

"(The **rental market)** tends to run the opposite of the **sales market,**" Dupuy said. "The rental side picks up when the for-**sale market** is not as hot."

Right now, Atlanta's for-**sale market** is the hottest in the nation. According to the American Metro/Study Corp., Atlanta is the top housing market in the United States, based on the number of single-family building permits issued. U.S. Census Bureau statistics show the metro area issued about 48,000 permits between June 1998 and June 1999.

Connelly, Locke and Dupuy all attribute the lack of supply of singlefamily houses available for rent to Atlanta's booming housesales market. With low interest rates and a strong local economy, homeowners are able to sell their homes rather than rent them.

Rent or buy?

The same factors that work in favor of sales low interest rates, a strong economy and an attractive job market - have tempered the **rental market,** they said. When the mortgage payment on a house is about the same or less than a monthly rental payment, would-be renters likely will become buyers.

But numbers are scarce when it comes to verifying what property managers and rental agents say about their business. Some rental agents estimate that only about 5 percent of homeowners who rent their houses use a broker or property management company, making the actual number of available houses an elusive figure to track.

Since a majority of homeowners simply put up a "for rent" -sign, it is virtually impossible to know exactly how many homes are for rent.

Even if a homeowner puts a house up for rent through a broker who uses a listing service, competing listing services often have incomplete or overlapping information.

But based on data from several listing services, most property managers said that at any given time, there are between 400 and 700 single-family homes for rent in the metro area. Scott Baughman, property manager with Atlanta Management Group, put the number even higher - at 1,000 to 3,000 houses. Most of the available rental houses are in the hot housingsales markets: Cobb County, north Fulton County, Gwinnett County and midtown/Buckhead. Rents range from $ 700 to $ 3,000 monthly, depending on the house's condition, size and location.

Baughman said that a three-bedroom, 2.5-bathroom, 3,000-square-foot house in Marietta could fetch a rent between $ 950 and $ 1,250, depending on the house's condition. Locke gave a similar estimate.

Sharing information

Although most rental agents and property managers are on the same page when it comes to price, the industry is fragmented when it comes to sharing information and working together. Agents who sell houses network and give each other referrals, since they get commissions for referrals. But the rental agents and property managers do not get a commission for referrals, and have less incentive to network.

Locke and others are working to change the relationships in the industry. As head of the Atlanta Chapter of the National Association of Residential Property Managers (NARPM), Locke is trying to organize the for-rent agents and agencies to get them to share resources and information.

"NARPM will have a big impact," Locke said. "The public is becoming more aware of the property management profession instead of seeing it as a sub-business to the brokerage community. The business is gaining its own identity and getting stronger through unity. We've got 40 members nationwide and it's growing."

Locke said the group will help keep rentalagents and property managers connected, since they will continue to face tough competition from Atlanta's for-**sale market.**

"I see the brokerage market continuing to be strong; therefore, property management companies will find it hard to keep inventories up," Locke said. "We typically lose 85 houses a year to sales, which means. I have to sign up at least seven houses per month just to maintain my business. It's a constant battle to tread water," he said. "We go home every night and pray for 12 percent interest rates."

GRAPHIC: Photo

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LOAD-DATE: October 27, 1999

Evidentiary Exhibit 47

15 of 23 DOCUMENTS

The Times (London)

December 16, 1998, Wednesday

SECTION: Features

LENGTH: 888 words

HEADLINE: Hedging your bets when the housing market starts to shake

BYLINE: Amanda Loose

BODY:

Why are vendors offering their properties for sale and for rent at the same time? Amanda Loose investigates

It is a race that more and more homeowners are deciding to run. As buyers and sellers become increasingly twitchy about the property market, vendors are hedging their bets by offering their homes for sale and for rent at the same time.

David Lawson put The Homestead in Keinton Mandeville, Somerset, on the market in the summer, but says he has had little interest in the Grade II listed farmhouse that he has renovated. Though he would prefer to sell, Mr Lawson has decided to play the sales and rental game. The house is for sale through Humberts in Sherborne for Pounds 265,000, or for rent at Pounds 1,000 a month.

Mr Lawson says: "The **sales market** has dried up totally. No one seems to want to move at present. I would rather sell the property - rental returns are very low here, around 3 or 4 per cent - but if I am not going to sell for six months, I may as well let it to get some return."

Hamptons International received 73new instructions on the **rentals market** from frustrated vendors in the past quarter, a 34per cent increase on last year.

Jane Kirkcaldy of Hamptons International in Beaconsfield, Buckinghamshire, says 20 per cent of the rental properties on her books are also for sale. She claims that the trend stems back to events in the City and on the property market in September.

"Most owners cannot afford property to be empty," she says. "In many cases, people offer properties for six months' rental and hope that the **sales market** will improve in that time. Either the house has been on the market for a few months and they have had no interest, so they put it up for rent as well, or they are committed to a move and need some income; or, being anxious about the market, they have hedged their bets from the start."

Paul Greenwood at Stacks Relocation reports that his clients are increasingly looking to let or sell their properties from the outset, and the story is the same in the capital. Ed Mead at Douglas & Gordon in Chelsea says the trend crept into the market three months ago.

He says: "A year ago, you could have sold anything. Now the market is a little more circumspect. The race tends to happen when someone has found a home to buy and simply has to move on. People are being pragmatic. Though in most cases they would much rather sell, they are open to rental offers.

"If this is the case for you, give your agent a sensible time to market the property. It takes time to prepare a property for the **sales market,** but a tenant can be found tomorrow. As a result, if you do instruct an agent to offer your

property on both the sales and **rentals market** from the beginning, make sure you are able to move quickly. And bear in mind that the **rental market** is not strong.

"Traditionally, whenever the **sales market** has dipped, the **rentals market** has grown. But that is not the case this time. Many overseas banks have pulled in their relocations, and budgets have been cut."

Simon Umfreville of De Groot Collis advises frustrated vendors to be prepared to move swiftly if a tenant comes along. "The rental process is generally far quicker than sales," he says. "Also, do not forget to tell your mortgage lender and insurance company that the situation has changed. If your property is leasehold, check that the lease allows the property to be let."

Suzie Cockburn of Humberts in Sherborne believes that some stopgap landlords are likely to face a dilemma. She says: "Short-term lettings are regarded as a useful way to keep a property warm over the winter months and to generate some rental income. But because most lettings will be six-month assured-shorthold tenancies, vendor-landlords should bear in mind that the property is out of circulation for four months. The tenancy agreement would allow the property to be marketed for sale only during the last two months of an assured-shorthold tenancy.

"When a buyer is found, contracts cannot be exchanged until the property is vacant. If timing is important, letting at this stage of the year is inappropriate.

"It is sometimes necessary for the vendor-landlord to spend a little money to put a property into proper letting condition. Tenants, particularly on short-term lettings, will expect carpets, curtains and possibly white goods to be supplied. But these items may well eventually help the house to sell."

A SAFETY NET

HUGH OBBARD is keeping his options open. A buyer of investment properties for clients by profession, he is trying to sell his own flat in Queensway, West London, which he bought to refurbish and sell on.

"After six weeks on the **sales market,**" he says, "I had not received a good offer. So as a safety net, at the end of October, I offered it for rent as well. I'd had a couple of offers for the Pounds 275,000 flat, but neither was particularly exciting. The level of transactions has fallen off noticeably, and buyers are happier to negotiate quite a discount on asking prices.

"Rental was definitely plan B, but it is becoming more of a likely option. It is a way to ride out the storm while waiting for the market to regain confidence. You have to be in tune with

what the market is doing. You have to show

a degree of flexibility."

LOAD-DATE: December 16, 1998

Evidentiary Exhibit 48

July 1, 1997

SECTION: Business

LENGTH: 1990 words

HEADLINE: EXPATRIATE QUARTERS

BODY:

Hong Kong, July, 1997

Some multinationals are restructuring their pay packages to beat Hong Kong's legendary high rentals. Others are moving staff into China. In interviews with four leading real estate agents, AmCham's Dermot Tatlow looks at how multinationals react to prohibitive residential rents.

How Much More Can Luxury Residential Rents Rise?

Isabel Michie, Director, Residential Leasing, First Pacific Davies

Have you noticed any resistance from multinationals to pay Hong Kong's high residential rents?

Any resistance has manifested itself in a change of corporate financial policy, rather than a refusal to come to Hong Kong. There was a remarkable moment of resistance in the middle of 1994, when we saw rents going up for six months by five percent per month. By the end of June, we had this 30 percent increase to look at. The corporations said, "No more," so they started to redesign the way of paying their staff.

How was this done?

Many of them decided that instead of having everyone coming in on housing allowances, with corporate perks such as the club, school, car, all the usual stuff, that they would put their people on financial packages. Now big companies pay their people in a lump sum and let them decide how much they want to pay on rental. Naturally, what they don't spend on rental, they save in their pockets, so they are very keen to negotiate, to look around and see if they can tolerate a lower budget, because if they do, they save money.

Are these lump-sum packages perculiar to Hong Kong?

This package idea is in tandem with corporate economics across the world. Everywhere, you hear corporations in other countries are cost-cutting, downsizing and counting their pennies. This philosophy is also coming to Hong Kong, especially to Hong Kong.

Have you noticed companies moving their regional headquarters to locations like Singapore because of the very high cost of keeping people here?

I don't think Singapore is all that cheap. We do notice some people going to Singapore, but this has been par for the course for the last two decades. Some companies have been here and then gone to Sydney to set up their headquarters. There are always people going with the competition. Because we have such a tight market here, I cannot see that there is a great exodus of corporations from Hong Kong, rather a readjustment of how they pay their people to live here.

Do you expect the concentration of American expatriates to remain on the south side of Hong Kong island?

Well, that is where the school is. The most important thing for the expats when they come to a new country is where their children go to school. While the American international school is in Repulse Bay, the south side of Hong Kong island will always attract the family-styled American corporate person.

That sort of family unit which has traditionally been the corporate package is not necessarily for the employee of the future because so many companies are bringing in younger people with no children or working couples. So the demands of these persons are different from the corporate family's. They are more flexible and prepared to go into different geographic areas.

What will be the impact of Hong Kong's new airport on the luxury residential market?

Initially not that much. They say access to the airport will take about 20 minutes from Central. Time-wise, that is not far off going to Kai Tak. The infrastructure will really speed things up.

Have you noticed any plans to develop luxury residences closer to the airport?

Well, we certainly have. One of the more interesting points that have come out of our research in the past two to three years is that luxury residential premises have been developed on the Kowloon side in far greater volume than has ever happened in the past. There are now more units of the luxury class on the Kowloon side than on Hong Kong island.

We are seeing the development of towns around the new MTR stations, where the philosophy among the developers has been that this is a very accessible spot, therefore we will build quality to match the future demand. What you will see is very good luxury stock, with good quality finishes in some of those MTR stations.

Jan McNally,

Director, Residential Department,

Richard Ellis

What limits supply of Hong Kong's high-end residential properties?

Land. Most of the new land coming on the market is in the New Territories which is then used for mass-market housing. Most Chamber members would be in the luxury sector. They expect to live on Hong Kong island in a reasonable-quality building with excellent management and excellent access to transport. People coming out here on business don't want to live in Shatin unless that is where their business is or they are constantly going in and out of Shenzhen.

This year, there will be two luxury residential projects coming on the market for lease. That is all. Next year, there are two more blocks. They just do not fill the number of people coming in. Regardless of what people think about 1997, we all have to be very positive about it. Everybody still wants to do business in Hong Kong. New companies are opening up all the time and companies are expanding.

Given Hong Kong's high costs and tight land supply, what is the lure of this city?

People counterbalance the expensiveness of Hong Kong by asking "Are we doing business with China and do we need to be within easy access of China and the Asia Pacific rim?" If so, Hong Kong is the ideal place to be. In three to four hours, you can be anywhere in the region.

Even people working in China are basing themselves in Hong Kong for family reasons, especially schooling. This may change once you get really good international schools in Shanghai and Beijing. Also, once things have settled down after the handover, people might decide to live in China.

Has the government played any part in cooling down luxury residential prices?

Government cannot intervene in rentals; they can in sales to make it more difficult for developers to tease the market by putting flats on and off the market. That is what the government is trying to stop. They are trying to find ways of taking the heat out of the market. It affects the luxury end to some extent, but a lot of the people who are buying are cash rich - they don't get involved with the mortgage restrictions.

Renu Budhrani,

Director of Residential Agency,

Chesterton Petty

Have you observed a reluctance on the part of multinationals to pay Hong Kong's rising rents?

We find that in Hong Kong, true rentals are probably some of the highest in the world, but at the top end of the market, there does not seem to be too much resistance, because people will pay for the quality. We have just leased probably the most expensive single letting in Hong Kong, a detached house for almost $ 400,000 per month in Deep Water Bay, to a large American corporation.

Have you seen any trends developing in the residential market for expatriates?

Service apartments have been increasing in popularity in Hong Kong. There is a waiting list for most of them. Everyone is bullish, but at the back of their minds, they are not 100 percent sure. What we have noticed is that a lot of multinationals are bringing people in on a short-term basis and on personal leases rather than company leases. Very often, this is for particular projects, so they are not here for the long term. It makes much more sense to give them a serviced apartment than being committed to a two-year contract and pay for their furniture to be shipped in.

Given that large developers dominate the local residential market, does this put tenants in a weak negotiating position?

A tenant often is at the mercy of the landlord. Although the major developers hold about 60 percent of the major properties for leasing here, there are still a lot of individual properties. The big developers basically ask what the market is able to pay, and does pay. If they are asking top-dollar rentals, it is probably because their properties are worth it.

Have you seen American companies pull out of Hong Kong in frustration?

No, most companies look at things in the long term, especially if they are setting up in the region. It would be too early for most to say if it is working or not. Hong Kong's location has the advantage that it is also very closely connected to the rest of Asia's emerging markets.

Charles Wheatman,

Pacific Director, Jones Lang Wootton

Why has the luxury residential **sales market** been so strong over the last year?

Driving last year's growth was a perception that the market had dropped and bottomed. Several fundamental factors coincided to create a positive force to push it up at a very dramatic rate. They were the low cost of money, positive economic growth, positive political sentiment, and the realization that the commodity was finite, as there was not a lot more land to be created on Hong Kong island for luxury residential.

How did the leasing side perform?

It did very little, virtually nothing in terms of movement of rents. If anything, it dropped. This was due to different players and different sentiment. In the **sales market,** you had end-users and speculators both of whom were Hong Kong Chinese or Asian. The early

part of the year was dominated by the end-user and the latter part of the year and the majority of the dramatic price increases were down to the speculators. The **rental market** is essentially 80 percent expatriate-driven. Expats used to mean American or British. Now it means also European and Asian. What you saw in the **rental market** was continued concerns about the future of Hong Kong.

With the local business community voicing a chorus of optimism, where are these concerns coming from?

I don't think it is coming from the people who live here; it is coming from the corporate perspective. The head offices are unwilling to lock themselves into a two-year rental commitment for the CEO at $ 200,000 a month. What I see as a dangerous situation is developing, where demand is being pent up as a lot of people are making short-term leases or extensions to their leases to tide them through to September. There is a lot of wait and see, and uncertainty. This is not evident in the **sales market,** but is very evident in the leasing market.

After July, I think you will get a lot of people coming back to the leasing market to make the standard two-year commitment. I am predicting that rents will move quite strongly.

Would you hazard a guess as to how much?

I said at the beginning of the year 15 percent over the year and I will stick by that, but it could be conservative.

Is it common to have strong sales but a depressed **rental market?**

No, it is extremely unusual. What drove the capital market was immaterial to the **rental market.** We are seeing capital values declining somewhat and rentals increasing. The two are moving into their more normal orbit. Investment yields are still very low but getting better. I think they will continue to realign, principally from rents moving up rather than capital values coming down.

What is driving the local property market and what changes do you foresee?

The China business is extremely important: we all live and die by what happens there. We have seen the first wave of multinationals moving executives up to China. This is led by manufacturers who shift their production and support functions out of Hong Kong and into China. The expatriate managers go with them.

So far, the service industry finds it very difficult to operate in China. It will not stay that way. For now though, Hong Kong has the advantage of great infrastructure, a free press and all the facilities that multinationals need, from housing to schools.

LOAD-DATE: July 31, 1997

Evidentiary Exhibit 49

The New York Times

February 27, 1994, Sunday, Late Edition - Final

SECTION: Section 10; Page 1; Column 5; Real Estate Desk

LENGTH: 2760 words

HEADLINE: New York Apartment Rents Moving Up

BYLINE: By MERVYN ROTHSTEIN

BODY:

BUOYED by a tightening of the market and an improvement in the regional economy, unregulated rents in Manhattan moved upward in 1993, reversing the previous year's downturn, real-estate agents and analysts said.

The increase, many of them said, was especially notable on the Upper West Side, where rental space is at a premium and which is rapidly becoming a magnet neighborhood for those interested in just that -- a neighborhood, and all that the word means. Agents said that Greenwich Village, SoHo and TriBeCa were also booming.

Regionally, however, Federal cost-of-living statistics showed the smallest rent rise in a quarter-century for New York, northeastern New Jersey and southern Connecticut. But Brooklyn and Queens showed larger increases in one survey. And in one trendy location, Hoboken, agents said that a tight market had driven rents considerably higher than they were a few years ago, though prices had recently begun to level off.

"Manhattan has changed from a tenants' market to a landlords' market," said Alan Rogers, managing director of Douglas Elliman, a major New York brokerage. "It started at the end of 1992 going into the first six months of 1993, and it happened surprisingly quickly. From an oversupply it became not a shortage but a much more limited supply."

THE change has not created an extreme situation, such as in the mid-80's when prospective tenants would read obituary notices to find vacant apartments and would have to pay money under the table to get a place to live.

But until last year, unregulated rents in New York had dropped about 15 percent since the real-estate recession began in 1988, about half as much as the sale prices of co-ops and condominiums in the same period. And the ball is now in the landlord's court.

"Landlords have stopped giving concessions," Mr. Rogers said. "It hasn't gone all the way over, but it has tipped in the landlord's favor. A market where landlords paid the broker's fee has become one in which tenants do so."

Mr. Rogers said that rents had gone up from 5 percent to 7 percent or more, depending on the location. Inventory has dropped, he said, because many of the apartments on the market have already been rented. Except for some condominium rentals, he said, there was basically no new product, and the improvement in the sales value of co-ops meant that fewer of those apartments were coming on the **rental market** as sublets. Mr. Rogers said that a smaller factor was the tightening of sublet rules in co-ops.

At the Windsor Court, a 700-unit building at 155 East 31st Street, a one-bedroom unit that rented for $1,525 a month in 1992 brought $1,650 in 1993, an 8 percent rise, Mr. Rogers said. A two-bedroom unit in the building went up from $2,595 in 1992 to $2,730 in 1993, a 5.2 percent increase.

At the Normandie Court at 225 East 95th Street, rents were $1,395 for a one-bedroom in 1992 and $1,465 in 1993, up 4.95 percent. For a two-bedroom, they were $1,840 in 1992 and $1,935 in 1993.

On the West Side, at 30 Lincoln Plaza, a large building near Lincoln Center, a one-bedroom rose from $1,525 in 1992 to $1,675 in 1993, more than 9 percent, and a two-bedroom went up from $2,360 to $2,560.

"What's interesting is that the '93 levels are almost back at the '88 levels," Mr. Rogers said.

Changes in the rent market have little effect on residents of the city's estimated 1.3 million rent-stabilized or -controlled apartments, which make up about 70 percent of the 1.9 million apartments in the city. Unregulated apartments include those in buildings with fewer than six units and those built since 1973 without tax abatements.

The Feathered Nest, a major New York rental agency, said in its annual report, which is based on a survey of 8,959 apartments -- both regulated and market-rate -- that apartment rents in the borough had increased by an average of 5.6 percent in 1993. East Side rents went up 5.9 percent and those on the West Side rose a whopping 10.6 percent, the survey said. A year ago, the Feathered Nest survey reported that rents in 1992 either declined or stayed the same for all types of apartments.

Rents for studio apartments, the report said, increased by 5.6 percent, one-bedrooms 6.7 percent, two-bedrooms 4.1 percent and three-bedrooms 3.6 percent. The average rent of a one-bedroom was $1,550 in 1993, and $1,475 in both 1992 and 1991. A two-bedroom in 1993 was $2,350 a month, compared with $2,275 in 1992 and the same $2,350 in 1991. For a three-bedroom, it was $3,800 in 1993, $3,600 in 1992 and $3,650 in 1991. A studio was $1,025 last year, $950 in 1992 and 1993, $3,600 in 1992 and $3,650 in 1991. A studio was $1,025 in 1991. A studio was $1,025 last year, $950 in 1992 and $1,025 in 1991.

Nancy Packes, president of the Feathered Nest, said that one reason for the rent increases was a more than 40 percent decline in the number of available apartments between 1990 and 1993: 17,498 listings in 1990, versus the 8,959 last year.

ANOTHER index of the market is the number of showings that a prospective tenant goes on and the number of apartments the tenant sees now as against 1992, Ms. Packes said.

"These days, when people rent through us we show them an average of five apartments over two showings," Ms. Packes said. "In 1992, it was 15 apartments and five showings."

Among the reasons for the turnaround, she said, are the fact that there has been very little new construction since 1988, "and that, combined with a low-interest rate environment, has helped the co-op **sale market** to improve and take the supply out of the **rental market.**"

In addition, she said, corporations are beginning again to relocate employees in New York. "Three out of five of our customers are corporate relocations," she said.

The resurgence of the West Side, she said, is attributable in part to the fact that the West Side is much smaller than the East Side and has fewer apartments available -- only about one-third the number on the East Side.

"But a key reason," she said, "is that people are seeking a more neighborhood-like environment, which the West Side represents and which the East Side doesn't have. The East Side is not a neighborhood."

Clark Halstead, managing partner of the Halstead Property Company, also said that the Upper West Side had seen the largest and most consistent rent increases. "There's a perception that people like the West Side," Mr. Halstead said. "They say it's more fun, more vibrant, that it has more texture. It's not as homogeneous as the East Side. Access to parks generally is better. And people feel that transportation, with its two major subway lines, is also better."

In addition, he said, the West Side is relatively small, "while the East Side just goes on and on forever."

Mr. Halstead and Brian Edwards, the head of his rental division, said that also because of the desirability of neighborhood feeling, and because of their proximity to a re-emergent Wall Street, Greenwich Village, SoHo and TriBeCa were also hot properties.

"We don't have statistics to back this up yet, but the downtown **rental market** has been extremely strong," Mr. Edwards said, "specifically in SoHo and TriBeCa. The prices we see lofts being rented for are really quite impressive." And the renters, he said, "are the young Wall Street people who are making those large salaries and high bonuses."

Ms. Packes said Greenwich Village "is as hot as it could possibly be." Mr. Halstead and Mr. Edwards said that the largest increases they had seen in the last six months were in the rents for units at the upper end of the market.

"The larger units, from 4 1/2 to 7 rooms, have seen increases anywhere from 7 to 15 percent," Mr. Edwards said.

Their survey of 800 apartments on the West Side, for example, showed that two-bedroom apartments with a dining room or a convertible third bedroom in a prewar doorman building now rented for from $2,900 to $3,400 a month, compared with from $2,600 to $3,000 last August. In a postwar doorman building, the figures are $2,600 to $3,100 now, against $2,400 to $2,900 in August.

One-bedroom apartments in prewar doorman buildings on the West Side that were $1,400 to $2,000 last August are now $1,550 to $2,100.

ON the East Side, based on a sampling of 1,000 apartments, their survey found that standard prewar two-bedroom apartments in doorman buildings were $2,300 to $3,000 last August and had gone up to from $2,500 to $3,300. Two-bedrooms in postwar doorman buildings that were $2,200 to $2,500 last summer are now $2,300 to $2,700.

On the lower end of the market, though, Mr. Edwards said, "the increases are more gentle, not as dramatic." And some East Side figures had even fallen: The top studio price in a modern high-rise had slipped from $1,600 to $1,525 in the same period. Similarly, the top rent for a modern high-rise one-bedroom on the East Side was down from $2,100 to $1,900.

But Mr. Halstead said that in general, rents on the very smallest apartments were also moving up. "The number of small units in Manhattan far exceeds the number of large ones," he said, "but so does the demand."

Entry-level employees are coming into New York in larger numbers, he said, taking new jobs and "soaking up the apartments," a big change from the situation three years ago in which people were losing jobs and moving out of Manhattan.

Statistics are tricky things, of course, and often depend on what's being counted; another survey, while agreeing with the general direction of rents, reported different findings for the Upper West Side.

A survey of 900 rental units by the National Cooperative Bank showed that the average rent per room in the New York area -- which in the report includes Manhattan, Brooklyn, Queens and Westchester -- had increased 8.2 percent in 1993, a sharp change from the 6.3 percent decrease the report had shown in 1992.

"The **rental market,** after the softening in 1992, appears to have stabilized once again," said Grace A. Huebscher, the bank's corporate vice president.

The report saw an increase of 14.6 percent in Lower Manhattan, after a 14.8 percent drop in 1992; 14.5 percent in midtown, after a 9 percent rise in 1992, and 2.8 percent on the Upper East Side, after a 2.7 percent decrease the previous year. But contrary to the other surveys, it said that rents per room on the Upper West Side had decreased 5.5 percent in 1993, compounding a 4.2 percent drop in '92.

"But our report is based on transactions we were doing in the marketplace that year, and the decrease could have been due to our concentrating on a part of the Upper West Side that was weaker," Ms. Huebscher said.

The Cooperative Bank also found in its survey that rents involving its transactions in Brooklyn and Queens had gone up by 8.9 percent last year, after rising 7.5 percent in 1992.

In northeast Queens, Steven Meyer, an owner-broker at Bay-Benjamin Real Estate in Bay Terrace, said that rents have "basically been stable."

"I wouldn't say they've gone down," Mr. Meyer said. "I would say they've been stable and consistent."

But Mr. Meyer, whose area includes Bayside, Bay Terrace, Douglaston, Little Neck, Flushing and Auburndale, said that in luxury buildings, rents in top-of-the-line apartments have in some cases gone up.

CONCERNS about the economy have made some people skeptical about buying, he said, and "sometimes in a luxury building we find we have people waiting in line to get a specific type of apartment."

Available rentals, he said, include condominium and some co-op units, rent-stabilized buildings and apartments in two-family houses. A one-bedroom apartment in a two-family house "could be as low as $650 and as high as $800," he said, while a three-bedroom, two-bath duplex in a two-family would be about $1,200 a month.

At the Bay Club, a 1,037-unit, two-building luxury condominium off 23d Avenue and Corporal Kennedy Boulevard in Bayside, rents have gone up from 5 to 10 percent in the last year, Mr. Meyer said. A two-bedroom apartment at

the Bay Club, which has an indoor health club, indoor pool, racquetball courts and gym, goes for from $1,600 to as much as $2,300 or $2,400, he said.

"A lot depends on the demand at a particular time," Mr. Meyer said. "If the inventory is low, prices will go up for that month. But if three or four apartments come on the market at the same time and compete against each other, prices could be a little bit lower."

Samuel M. Ehrenhalt, regional commissioner of the Federal Bureau of Labor Statistics, said that 1993 had seen the smallest increase in rents in a little more than a quarter century on the Consumer Price Index for New York, northeastern New Jersey and southern Connecticut.

The increase, 2.1 percent, was the smallest since 1966, Mr. Ehrenhalt said, adding that in the late 1980's it had been as high as 7 percent.

"It reflects both a weakness in the New York region's economy and a weakness in the **rental market,**" he said. "There is a great deal of resistance to rent increases." He added that he could not provide statistics broken down for specific parts of the region.

The increase, he said, had been 3.4 percent in 1992, 2.8 percent in 1991, 4.1 percent in 1990 and 7 percent in 1989.

In popular sections of the region, however, such as Hoboken, with its proximity to Manhattan, its gentrification, its PATH trains and the Hoboken Ferry to the World Financial Center and Wall Street, rents have gone up.

"There's a housing shortage, pure and simple, and people want to live in Hoboken," said Deno Bogdanos, a broker with Corporate Realty in Hoboken. "People equate Hoboken in desirability with Battery Park City and Brooklyn Heights and Fort Lee. If I have a halfway decent apartment, it's rented in about two days."

Mr. Bogdanos said one-bedroom apartments were renting for from $900 to $1,200 and two-bedrooms for from $1,300 to $1,700, compared with $700 to $900 for a one-bedroom and $1,000 to $1,300 for a two-bedroom three or four years ago.

"There are always apartments that come in a little bit lower," he said, "but about 85 percent of the apartments rent in that price range."

The apartment situation, he said, was in sharp contrast to the **sales market,** which had "dipped 15 to 20 percent" in price and about 50 percent in volume in recent years.

PEOPLE who were still making good salaries but were holding off buying in an uncertain market were willing to pay "top dollar" for the rental they wanted, he said.

He added, however, that rents had begun to level off about six months ago, because the prices were "all the market will bear."

A major reason for the apartment shortage, he said, was a sewer moratorium that New Jersey placed on Hoboken a few years ago. The moratorium provided that sewage quantity could not be increased on any given parcel of property and essentially prevented the building of any new housing. The moratorium, he said, was lifted a few weeks ago, "but it's too soon to say if there will be any new construction -- though I'm sure there will be."

Stephen Misyak, a sales agent with Wide World Realty in Hoboken, said he thought the lifting of the moratorium would lead to "a little more development."

Rents, Mr. Misyak said, were currently about $650 to $700 for "a shabby one-bedroom or studio, going as high as $1,400." Two-bedroom apartments, he said, began at $900 and went up to about $2,200.

"You can find cheaper apartments on the west side of town," he said, "which is considered not as desirable, scenic or aesthetically pleasing as the east side." In addition, he said, "rents increase as the proximity to the PATH station increases; people love to be able to hop off the train from Manhattan and walk four or five blocks to their home."

A two-bedroom apartment with hardwood floors, an eat-in kitchen, central heating, air-conditioning and an alarm system that goes for $1,450 on the east side of town might be had for as low as $950 on the west side, he said.

Mr. Bogdanos said he thought rents in Hoboken would continue to level off because as the economy improved people were coming back into the market to purchase homes. "The traditional **sales market** is returning," he said.

But in Manhattan, Mr. Rogers of Douglas Elliman said he thought the 1993 trend of rent rises would continue throughout 1994, taking the market to where it was before the post-1988 dip.

"I see prices going up 5 to 10 percent this year, to the level rents were in 1988, or just above," he said. "Things are going to stay tipped in the landlord's favor."

GRAPHIC: Graph: "Rentals Reverse Directions" shows average rental prices for aprtments on the Upper East and West sides from 1987 to 1993. (Source: Feathered nest Rental Report 1993)(pg. 8)

Table: "East Side, West Side, the Rents are Rising" lists a comparison of rents by building type. (Source: The Halstead Property Company)(pg. 8)

Drawing (pg. 1)

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HEADLINE: Housing **Rental Market** Picking Up, Realtors Say

BYLINE: Chris Downs Riddle

DATELINE: Tulsa; OK; US

BODY:

The single-family house **rental market** is tightening in Tulsa, causing rents to go up, local Realtors say.

Exact numbers are hard to determine, however, since this part of the market is not tracked statistically.

Jay Menger, owner of J. Menger Realtors, says that unlike the home-**sales market** -- where there are services that list salable properties -- there is no such clearing house for single-family rentals in Tulsa.

There are a few rental agencies and locator services, but they don't exchange much information, Menger says.

Landlords and rental homeowners often are aware of what's happening in other parts of their market because they don't have access to data, he says.

"In the housing market, if I own two or three rental houses and don't have any turnover in a year or so, I may not be aware of what's going on until I run an ad in the paper," Menger says.

"If I've got 20 people calling me instead of the three or four before, and if I'm alert, I may pick up on that and decide I can charge more for rent."

This factor also makes it difficult for someone seeking a house to rent to find a complete source on what's available, he says.

Menger says that although his firm doesn't handle rentals, he gets a feel for the market by the number of people who call him daily inquiring about single-family rental properties.

"Hardly a day goes buy that somebody doesn't ask if we've got something to rent, or ask about one of the houses that we have for sale, just to inquire about whether the owners would consider renting it," he says.

This local increase in rental demand should bode well for the residential **sales market,** Menger says.

"If things keep going in this direction, it should have a positive effect."

Betty Sample, owner of Taylor Sample & Coppedge Locating Service Inc. in Tulsa, maintains the **rental market** here is good and will continue on an upward trend at least as long as people continue to move into the city.

"I think the economy is getting better. We've had a lot of new people move into town," says Sample, whose firm specializes in locating, renting and managing apartments, condominiums and homes.

Sample says that normally there are higher home vacancies in the spring and summer months, creating opportunities for renters -- but not this year.

"We are leasing things as fast as we can get them," she says.

Sample says the tight market could be caused by several factors.

Higher residential sales, an increase in population and a low turnover rate for rental houses could result in a tighter, stronger **rental market,** she says.

According to Sample, people rent homes as opposed to buying homes for several reasons.

She says many times people come to town on a one- or two-year contract, and fear an investment in a home might be risky. Others who move here have homes that haven't sold in other cities, so they are unable to buy yet, she says.

Still others prefer to lease for a while to shop the market and get to know the areas in which they'd like to live, she says.

Cindi Ramsey, manager of John Hausam Realtors' leasing department, says she's seen the market tighten up in the last year to 16 months.

Ramsey surveyed about 1,000 landlords in the Tulsa area who indicated that the vacancy time between renters, compared with what it was like two years ago, has decreased.

Twenty of those interviewed represented 500 rental properties, excluding apartments, she says.

"The majority of them are having two weeks or less vacancy time," she says.

In addition, many of the landlords have been able to increase rental rates by 5 percent to 10 percent, Ramsey says.

She said the most popular price range for a home right now is between $ 500 and $ 700 per month. Although the more expensive homes are being leased, it's almost impossible to find one in the mid-price range.

A few years ago, a potential renter could lease a house for about $ 400 per month, she says.

"But, it's very difficult now to find a nice home now for less than $ 450."

Ramsey says because there are so many homes for sale on the market, buyers become confused and therefore, rental units grow more attractive.

"I'm hoping that these people that we are renting (homes to) will turn into buyers in a year, so that the **sales market** will turn around," she says.

Jess Youngblood, president of Detrick Hughes & Jones Realtors, says the rental business is good right now.

He says that because so many people have inquired about rental houses, -- at least five or six a week -- the firm is planning to institute a department specializing in leasing or rental of single family residences.

Up until now, Detrick Hughes & Jones has delt only with the single-family sales end of the market.

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